

South Dakota Department of Labor & Regulation
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For Immediate Release: Thursday, Nov. 10, 2016
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Initiated Measure 21 Approved

PIERRE, S.D. – On Nov. 8, South Dakota voters approved Initiated Measure 21 to set a maximum finance charge for all money lenders licensed under South Dakota Codified Laws chapter 54-4. These licensed lenders make commercial and personal loans, including installment, automobile, short-term consumer, pay day and title loans.

The initiated measure prohibits all state-licensed money lenders from making a loan that imposes total interest, fees and charges at an annual percentage rate greater than 36 percent. The measure also prohibits these money lenders from evading the rate limitation by indirect means.

The provisions of Initiated Measure 21 apply to all loans originated, rolled over, renewed or flipped after Nov. 15, 2016. A violation of this measure is a misdemeanor crime. A loan made in violation of this measure is void, and any principal, fee, interest or charge is uncollectable. The law will take effect on Nov. 16, 2016, after the South Dakota Secretary of State's Office completes its official canvas of the votes on Nov. 15.

The measure does not apply to state and national banks, bank holding companies, other federally insured financial institutions and state chartered trust companies. The measure also does not apply to businesses that provide financing for goods and services they sell.

Contact the Department of Labor and Regulation, Division of Banking at 605-773-3421 for more information.