

State of South Dakota

SEVENTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 1999

400C0213

HOUSE BILL NO. 1047

Introduced by: The Committee on Commerce at the request of the Department of Commerce
and Regulation

1 FOR AN ACT ENTITLED, An Act to grant state-chartered banks powers allowed federally
2 chartered banks under certain conditions.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 51A-2 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 Notwithstanding any restrictions, limitations, and requirements of law, in addition to all
7 powers, expressed or implied, that a state bank has under the laws of this state, a state bank shall
8 have the powers and authorities conferred as of July 1, 1999, upon federally chartered bank
9 doing business in this state. A state bank may exercise the powers and authorities conferred on
10 federally chartered bank after this date only if the director finds that the exercise of such powers
11 and authorities:

12 (1) Serves the convenience and advantage of depositors, borrowers, or the general public;
13 and

14 (2) Maintains the fairness of competition and parity between state chartered and federally
15 chartered banks.

16 If the director finds that the before-mentioned conditions have been met, the director shall

1 make a declaratory ruling allowing state banks the same powers and authorities.

2 As used in this section, powers and authorities, include, without limitation, powers and
3 authorities in corporate governance and operational matters.

4 Section 2. That chapter 51A-2 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 The restrictions, limitations, and requirements applicable to specific powers or authorities of
7 federally chartered banks apply to state banks exercising those powers or authorities permitted
8 under section 1 of this Act but only insofar as the restrictions, limitations, and requirements relate
9 to exercising the powers or authorities granted banks solely under section 1 of this Act.

10 Section 3. That § 51A-2-14 be amended to read as follows:

11 51A-2-14. The commission may adopt rules under its jurisdiction:

12 (1) To authorize banks to participate in any public agency hereafter created under the
13 laws of this state or the United States, the purpose of which is to afford advantages
14 or safeguards to banks or to depositors, and to comply with all requirements and
15 conditions imposed upon such participants;

16 (2) ~~To allow state banks to engage in any banking activity, not prohibited by state law,~~
17 ~~in which national banks are, as the date of the adoption of the rule, authorized to~~
18 ~~engage;~~

19 (3) To allow banks to engage in any other banking or nonbanking activities, not
20 prohibited by state law, which the commission deems appropriate; and

21 (4) To authorize banks to use new or different forms of accepting deposits, making loans,
22 transferring funds, offering services and such other subjects as it deems appropriate.

23 In adopting rules pursuant to this section, the commission shall adopt only such rules that,
24 in the opinion of the commission, promote competitive equality between state chartered banks,
25 national banks and other financial institutions.