

AN ACT

ENTITLED, An Act to establish the definition of a payday loan and to establish limitations on such transactions.

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

Section 1. That § 54-4-36 be amended to read as follows:

54-4-36. Terms used in §§ 54-4-36 to 54-4-63, inclusive, and sections 2 and 3 of this Act mean:

- (1) "Advertisement," a commercial message in any medium that aids, promotes, or assists, directly or indirectly, the sale of products or services;
- (1A) "Commission," the State Banking Commission;
- (1B) "Director," the director of the Division of Banking of the Department of Commerce and Regulation;
- (1C) "Division," the Division of Banking;
- (3) "Finance charge," the amount, however denominated, which is paid or payable for the privilege of paying for goods or services in one or more installments at the beginning of the transaction;
- (4) "Financing institutions," any person engaged in the business of creating and holding or purchasing or acquiring retail installment contracts;
- (6) "Installment loan," a loan made to be repaid in specified amounts over a certain number of months;
- (7) "License," a license provided by §§ 54-4-36 to 54-4-63, inclusive;
- (8) "Installment loan contract" or "contract," an agreement evidencing a installment loan transaction;
- (9) "Licensee," any person holding a license;
- (10) "Loan," any installment loan, single pay loan, or open-end loan which may be unsecured

or secured by real or personal property; and

- (11) "Payday loan," any small, short-maturity loan on the security of a check, any assignment of an interest in the account of a person at a depository institution, any authorization to debit the person's deposit account, or any assignment of salary or wages payable to a person. A short-maturity loan made in anticipation of an income tax refund is not a payday loan for purposes of this chapter.

Section 2. That § 54-4-65 be amended to read as follows:

54-4-65. No licensee may renew, rollover, or flip a payday loan more than four times. No renewal, rollover, or flip is valid unless the debtor pays the outstanding fee at the time of the renewal.

Section 3. That § 54-4-66 be amended to read as follows:

54-4-66. No payday loan disbursed by a licensee may exceed five hundred dollars. A violation of this section is a Class 1 misdemeanor.

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I certify that the attached Act
originated in the

HOUSE as Bill No. 1049

Chief Clerk

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Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1049

File No. _____

Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,
ss.

Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State