

## 2023 South Dakota Legislature

**House Bill 1207****AMENDMENT 1207A  
FOR THE INTRODUCED BILL**

1 **An Act to prevent financial services providers from denying service based on certain**  
2 **grounds.**

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

4 **Section 1. That chapter 37-1 be amended with a NEW SECTION:**

5 A financial institution may not:

6 (1) Deny any person a financial service the financial institution offers except to the  
7 extent justified by the person's documented failure to meet quantitative, impartial  
8 risk-based financial standards established in advance by the financial institution;

9 (2) Deny any person a financial service the financial institution offers through selective  
10 denial on grounds provided in subdivision (1), when the effect of the denial is to  
11 prevent, limit, or otherwise disadvantage the person from entering or competing  
12 in a market or business segment that benefits another person or business activity  
13 in which the financial institution has a financial interest;

14 (3) Deny, in coordination with another person or financial institution, any person a  
15 financial service the financial institution offers.

16 For purposes of sections 1 to 5 of this Act, inclusive, the term, financial institution,  
17 means ~~a business offering its services to the public, including~~ a bank, ~~as defined in subject~~  
18 to § 51A-1-2; a public trust company, as defined in chapter 51A-6A; any public company  
19 engaged in money transmission, as defined in chapter 51A-17; or any insurance business,  
20 as defined in § 58-1-2.

21 **Section 2. That chapter 37-1 be amended with a NEW SECTION:**

22 A financial institution offering financial services to the public that utilizes standards  
23 or guidelines based on non-financial, non-traditional, or subjective measures, including  
24 environmental, social, governance criteria or diversity, equity, or inclusion policies, or any  
25 other political, social, or ideological factor, shall disclose the standards and guidelines to

1 the State Banking Commission or Division of Insurance, as may be appropriate to each  
2 financial institution, to determine access or denial of a financial service to a person in this  
3 state.

4 **Section 3. That chapter 37-1 be amended with a NEW SECTION:**

5 The State Banking Commission or the director of the Division of Insurance shall  
6 promulgate rules pursuant to chapter 1-26 to establish standards for a financial institution  
7 offering financial services to the public to comply with this Act.

8 **Section 4. That chapter 37-1 be amended with a NEW SECTION:**

9 Each public financial institution shall disclose to any person denied a financial  
10 service with the specific date, information, criteria, and standard used to support the  
11 denial. This consumer disclosure must be in bold fourteen-point font.

12 **Section 5. That chapter 37-1 be amended with a NEW SECTION:**

13 Nothing in sections 1 to 4, inclusive, of this Act, applies to any private financial  
14 institution operated, supervised, controlled by, or in conjunction with any nonprofit  
15 institution, nonprofit organization, religious organization, association, or society whose  
16 membership and participation is limited and is not open to the public.