



2026 South Dakota Legislature

Senate Bill 209

Introduced by: **Senator Smith**

1 **An Act to authorize the creation of land banks.**

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

3 **Section 1. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

4 Terms used in this chapter mean:

5 (1) "Board," the board of directors of a land bank;

6 (2) "District," a specific geographic area that:

7 (a) Is established by ordinance of the governing body of a political subdivision
8 in which the area is located; and

9 (b) Is comprised solely of the real property held or to be held by the land bank
10 created for the district;

11 (3) "Land bank," a nonprofit corporate entity that:

12 (a) Is created by ordinance of the governing body of a political subdivision; and

13 (b) Acquires, conveys, holds, or manages real property for the purpose of
14 returning abandoned, blighted, delinquent, or vacant property to productive
15 use; and

16 (4) "Political subdivision," a county, municipality, school district, or any other local
17 governmental body having the power to levy taxes on real property located within
18 a district.

19 **Section 2. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

20 A governing body may elect to establish a district and create a land bank for the
21 district by an ordinance that:

22 (1) Describes the boundaries of the district;

23 (2) Assigns a name to the land bank;

24 (3) Sets the number of members of the board, consisting of an odd number not less
25 than five and not exceeding eleven members;

- 1 (4) Appoints the initial members of the board;
 2 (5) Establishes the manner of appointment or selection, qualification, and terms of
 3 members; and
 4 (6) Provides authority for incorporation of the land bank.

5 A land bank created pursuant to this chapter must be a duly formed nonprofit
 6 corporation of this state, with permanent and perpetual duration unless terminated and
 7 dissolved in accordance with the provisions of section 10 of this Act.

8 **Section 3. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

9 At the first meeting of a board, the board shall adopt bylaws for:

- 10 (1) Adopting, amending, and repealing the bylaws, as necessary for conducting
 11 business and regulating the land bank's affairs;
 12 (2) The board's annual selection, from among its members, of a chairperson, vice
 13 chairperson, secretary, treasurer, and any other officer as the board may
 14 determine;
 15 (3) Establishing the duties of the board's officers;
 16 (4) The appointment, attendance, compensation, disqualification, participation,
 17 quorum, reimbursement, removal, and voting of board members;
 18 (5) Filling vacancies on the board;
 19 (6) Reporting and record-keeping requirements; and
 20 (7) Inventorying the real property of the land bank and making the inventory available
 21 for public review and inspection.

22 A public officer is eligible to serve as a board member, and the acceptance of the
 23 appointment does not impair the public office, subject to the provisions concerning
 24 conflicts of interest set forth in chapters 3-23 and 6-1.

25 For purposes of this section, "public officer" means an individual who is elected to
 26 an office, including the governing body of a political subdivision or an employee of a
 27 political subdivision.

28 **Section 4. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

29 A land bank may:

- 30 (1) Sue and be sued in its own name and plead in any civil action;
 31 (2) Employ personnel as necessary to carry out the provisions of this chapter;
 32 (3) Borrow from public or private lenders, as necessary to carry out the provisions of
 33 this chapter;

- 1 (4) Issue bonds pursuant to section 7 of this Act;
- 2 (5) Procure insurance or guarantees from the state or federal government for the
3 payment of any debt incurred by the land bank, and pay any associated premium;
- 4 (6) Procure insurance against losses in connection with the assets or activities of the
5 land bank;
- 6 (7) Enter into contracts and other instruments necessary to carry out the provisions of
7 this chapter;
- 8 (8) Invest moneys, at the discretion of the board, in instruments, obligations, property,
9 or securities;
- 10 (9) Enter into agreements for the management of, the collection of rent from the lease
11 of, or the sale of the real property of the land bank;
- 12 (10) Construct, demolish, design, develop, reconstruct, rehabilitate, relocate, renovate,
13 and otherwise improve the real property of the land bank;
- 14 (11) Collect, receive, and retain payment for:
- 15 (a) Services rendered;
- 16 (b) Rents and lease income;
- 17 (c) Disposition of real and personal property;
- 18 (d) Proceeds of insurance coverage for losses incurred;
- 19 (e) Income from investments; and
- 20 (f) Any other asset and activity permitted to a land bank pursuant to this
21 chapter and other applicable law;
- 22 (12) Convey, demise, exchange, grant, hypothecate, pledge, release, sell, or transfer
23 the real property of the land bank;
- 24 (13) Grant or acquire an easement, lease, license, or option with respect to real property
25 of the land bank;
- 26 (14) Enter into a collaborative relationship, including a joint venture or partnership, with
27 another political subdivision or a public or private entity for the development,
28 disposition, management, or ownership of real property;
- 29 (15) Address abandoned, blighted, delinquent, and vacant real property within the
30 political subdivision that created the land bank by:
- 31 (a) Participating in foreclosures, including bulk foreclosures, tax certificate
32 sales, and the tax deed process; and
- 33 (b) Extinguishing delinquent taxes on the property; and
- 34 (16) Do all other things necessary to ensure the productive use of the real property
35 within the district.

1 **Section 5. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

2 A land bank may acquire real property by:

3 (1) Auction;

4 (2) Devise;

5 (3) Donation;

6 (4) Exchange;

7 (5) Foreclosure;

8 (6) Gift;

9 (7) Purchase, including through lease-purchase agreements, contracts-for-deed, and
10 other installment sales;

11 (8) Tax sale;

12 (9) Transfer; and

13 (10) Any other lawful means permitted in this state.

14 Except as otherwise provided, a district may be expanded only if the land bank
15 acquires additional real property located within the same political subdivision that created
16 the land bank and outside of any other district.

17 The governing bodies of two or more political subdivisions may elect to establish a
18 combined district and create a single land bank by entering into an intergovernmental
19 agreement, pursuant to chapter 1-24, in addition to the requirements set forth in section
20 2 of this Act.

21 **Section 6. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

22 A land bank may not possess or exercise the power of eminent domain.

23 **Section 7. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

24 A land bank may receive moneys through grants and loans from the political
25 subdivision that created the land bank, another political subdivision, the state, the federal
26 government, or any other public or private source.

27 The land bank may issue bonds to finance the acquisition and redevelopment of
28 real property, with principal and interest payable from the land bank's general revenue.

29 A bond issued pursuant to this section:

30 (1) Must be authorized by a resolution of the board that:

31 (a) Establishes the terms for the delivery, issuance, and sale of the bond;

- 1 **(b) Provides for the denomination, execution, form, interest, and maturity of**
- 2 **the bond;**
- 3 **(c) Is published in a newspaper of general circulation within the district; and**
- 4 **(d) Sets forth whether the bond is subject to redemption and the manner of the**
- 5 **redemption;**
- 6 **(2) May be secured by a pledge of any revenues, including grants or contributions from**
- 7 **the state, the federal government, any agency or instrumentality of the state or**
- 8 **federal government, or by a mortgage of any real property of the land bank;**
- 9 **(3) Is a negotiable instrument under the laws of this state;**
- 10 **(4) Together with any income from the bond, is not subject to taxation by the state or**
- 11 **a political subdivision;**
- 12 **(5) Is a limited obligation of the land bank, with the principal and interest, costs of**
- 13 **issuance, and other incidental costs payable solely from the income and revenue**
- 14 **derived from the sale, lease, or other disposition of the assets of the land bank;**
- 15 **(6) In the discretion of the land bank, may be secured by mortgage or other security**
- 16 **interest on the real property or assets that generate the pledged revenue;**
- 17 **(7) May be sold at a public or private sale for a price determined by the board to be in**
- 18 **the best interest of the land bank; and**
- 19 **(8) Must state, on its face, that:**
- 20 **(a) The land bank and its agents or officers are not liable for a bond by reason**
- 21 **of the issuance thereof; and**
- 22 **(b) The bond is not a debt of the state or any political subdivision of the state.**

23 **Section 8. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

24 The real property of a land bank and the land bank's income and operations are
25 exempt from all taxation by the state and any political subdivision of the state.

26 **Section 9. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

27 All real property of a land bank must be held in the name of the land bank.
28 The board shall determine the consideration to be received by the land bank for
29 the transfer of real property, which may take the form of moneys and secured financial
30 obligations, covenants and conditions related to the present and future use of the
31 property, contractual commitments of the transferee, and any other form of consideration
32 as determined by the board to be in the best interest of the political subdivision that
33 created the land bank.

1 An ordinance creating a land bank pursuant to section 2 of this Act or an
2 intergovernmental agreement, in the case of multiple districts with a single land bank,
3 may:

4 (1) Establish a hierarchical ranking of priorities for the use of real property conveyed
5 by the land bank for:

6 (a) Public spaces;

7 (b) Affordable housing;

8 (c) Commercial, industrial, and retail activities; and

9 (d) Wildlife conservation areas; and

10 (2) Require that any disposition of real property located within a specified jurisdiction
11 be subject to voting and approval requirements of the board.

12 Except as otherwise provided, the board may delegate, to any agent or officer of
13 the land bank or any other person as determined appropriate by the board, the authority
14 to enter into and execute agreements, instruments of conveyance, and all other related
15 documents pertaining to the conveyance of real property by the land bank.

16 **Section 10. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

17 A land bank is dissolved sixty calendar days after a resolution for dissolution is
18 approved by two-thirds of the membership of the board.

19 The board shall provide sixty calendar days' advance written notice of consideration
20 of a resolution of dissolution:

21 (1) To any political subdivision in which the district is located;

22 (2) By publication of the notice in a local newspaper of general circulation in any
23 political subdivision in which the district is located; and

24 (3) By certified mail to the trustee of any outstanding bonds of the land bank.

25 Upon dissolution of the land bank, all real property, personal property, and other
26 assets of the land bank must become the assets of the political subdivision that created
27 the land bank.

28 If two or more political subdivisions combine districts with a single land bank
29 pursuant to section 5 of this Act, the withdrawal of one or more political subdivisions does
30 not result in the dissolution of the land bank, unless the intergovernmental agreement
31 provides otherwise and no remaining political subdivision elects to continue the existence
32 of the land bank.

33 **Section 11. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

1 A land bank has standing to file an action, pursuant to chapter 21-41 or 21-42, as
2 applicable, to quiet title to any real property in which the land bank has an interest.

3 Prior to filing the action, the board must conduct an examination of title to
4 determine the identity of any person possessing a claim to or interest in the real property.

5 **Section 12. That a NEW SECTION be added to a NEW CHAPTER in title 11:**

6 In the event of a natural disaster that causes widespread damage to or destruction
7 of real property and improvements, and dislocation of residents, the Governor may,
8 following issuance of a declaration of emergency, establish an emergency district and
9 create a temporary land bank in accordance with the provisions of this section.

10 Following consultation with the governing body of each political subdivision
11 containing all or a portion of the geographic area that is subject to the declaration of
12 emergency, the Governor may issue an executive order that:

13 (1) Provides for the immediate establishment of an emergency district comprising the
14 affected geographic area of any political subdivision; and

15 (2) Contains the provisions required to be set forth in an ordinance for creation of a
16 land bank pursuant to section 2 of this Act.

17 Except as otherwise provided, a temporary land bank created pursuant to this
18 section has all powers of a land bank created pursuant to section 2 of this Act.

19 A governing body may convert a temporary land bank into a land bank, as though
20 created pursuant to section 2 of this Act, by ordinance, provided that the district
21 established in the ordinance comprises only the affected geographic area within the
22 political subdivision controlled by the governing body.

23 An intergovernmental agreement, pursuant to chapter 1-24, is also required if the
24 emergency district for which the temporary land bank was created comprises a geographic
25 area located in more than one political subdivision and the governing bodies of those
26 political subdivisions elect to convert the emergency district into a combined district
27 pursuant to section 5 of this Act.

28 If a temporary land bank is not converted within twelve months of the Governor's
29 executive order, the temporary land bank must be dissolved as set forth in section 10 of
30 this Act.