



2026 South Dakota Legislature

Senate Bill 60

SENATE COMMERCE AND ENERGY ENGROSSED

Introduced by: **Senator Crabtree**

1 **An Act to restrict ownership of real property interests by certain prohibited entities**
 2 **and to provide for enforcement.**

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

4 **Section 1. That a NEW SECTION be added to a NEW CHAPTER in title 43:**

5 Terms used in this chapter mean:

6 (1) "Military installation," any federally or state owned, leased, or operated base,
 7 building, camp, post, reservation, or other facility to which active duty or reserve
 8 members of the armed forces or civilian employees are assigned pursuant to orders
 9 issued by the United States Department of Defense or the South Dakota National
 10 Guard;

11 (2) "Prohibited entity," any entity as defined in § 43-2A-1; and

12 (3) "Real property interest," any direct or indirect legal or equitable stake in real
 13 property as evidenced by a contract for deed, deed, easement, lease, option,
 14 purchase agreement, trust, or other instrument.

15 **Section 2. That a NEW SECTION be added to a NEW CHAPTER in title 43:**

16 After the expiration of any applicable divestment period provided in section 3 of
 17 this Act, a prohibited entity may not, during any time in which there exists a military
 18 installation in this state:

19 (1) Hold or obtain any real property interest located, in whole or in part, in this state;
 20 or

21 (2) Directly or indirectly control, finance, or hold a legal or equitable interest in any
 22 entity that holds a real property interest in this state.

23 **Section 3. That a NEW SECTION be added to a NEW CHAPTER in title 43:**

1 During any time in which there exists a military installation in this state, a
2 prohibited entity that acquires a real property interest in this state:

3 (1) Through descent or devise, must dispose of the interest within three years of
4 acquiring the interest; or

5 (2) By any means other than descent or devise, must dispose of the interest within
6 two years of the date the interest was initially acquired in violation of this chapter.

7 **Section 4. That a NEW SECTION be added to a NEW CHAPTER in title 43:**

8 The attorney general shall investigate any alleged violation of this chapter.

9 Upon commencing an enforcement action pursuant to section 5 of this Act, the
10 attorney general may, in addition to any authority granted under §§ 15-6-28.2 to 15-6-
11 28.4, inclusive, subpoena from any prohibited entity, any:

12 (1) Contract, purchase agreement, or other transaction document related to a real
13 property interest in this state;

14 (2) Deed or title to the interest;

15 (3) Documentation concerning the financing or ownership of the interest;

16 (4) Documentation identifying any party to a transaction related to the interest; and

17 (5) Any other documentation or information necessary to investigate or substantiate
18 an alleged violation of this chapter.

19 **Section 5. That a NEW SECTION be added to a NEW CHAPTER in title 43:**

20 The attorney general shall enforce the provisions of this chapter. Any real property
21 interest owned in violation of this chapter must be forfeited to the state or terminated, as
22 applicable.

23 Upon substantiation of an allegation that a prohibited entity holds an interest in
24 this state in violation of this chapter, the attorney general may commence an action, in
25 the circuit court for the county in which the real property is located, for forfeiture or
26 termination of the interest.

27 The court may not order forfeiture or termination of the interest unless the action
28 is brought within three years after evidence of the violation is referred to the attorney
29 general.

30 If the court finds that the interest is held in violation of this chapter, the court
31 must:

32 (1) Enter a judgment declaring the prohibited entity's interest void as of the date of
33 the judgment; and

1 (2) Order that the interest be forfeited or terminated, as applicable;

2 If the court orders forfeiture of the interest, the court must enter a judgment
3 directing the attorney general to sell the property and specifying that the sale is for the
4 benefit of the person that held the interest immediately before entry of the judgment,
5 subject to the distribution of proceeds pursuant to section 6 of this Act.

6 Upon commencing an action pursuant to this section, the attorney general shall
7 cause a notice of lis pendens to be recorded with the register of deeds for the county in
8 which the interest is located.

9 **Section 6. That a NEW SECTION be added to a NEW CHAPTER in title 43:**

10 Proceeds from the sale of a real property interest ordered pursuant to section 5 of
11 this Act must be distributed in the following order:

12 (1) Payment of the costs of the sale, including all approved fees and expenses, and
13 any taxes and assessments due;

14 (2) Payment, in an amount approved by the court, to the attorney general for
15 reimbursement of investigation and litigation costs and expenses;

16 (3) Payment to bona fide lienholders, in order of priority, except for any lien remaining
17 against the real property under the terms of the sale; and

18 (4) Payment of any remaining proceeds to the person that held the interest
19 immediately before entry of judgment.

20 **Section 7. That a NEW SECTION be added to a NEW CHAPTER in title 43:**

21 Except as expressly provided in this chapter, a person that is not a prohibited entity
22 does not have any duty to determine or inquire whether another person is a prohibited
23 entity or is otherwise subject to this chapter.

24 A person that is not a prohibited entity may not be held liable under this chapter
25 for failing to determine or inquire whether another person is a prohibited entity.

26 **Section 8. That a NEW SECTION be added to a NEW CHAPTER in title 43:**

27 Nothing in this chapter:

28 (1) Creates a cause of action against the state or limits the discretion of the attorney
29 general to decline to bring an action under this chapter; or

30 (2) Limits any penalty or remedy set forth in chapter 43-2A regarding the ownership
31 or leasing of agricultural land.

1 **Section 9. That a NEW SECTION be added to a NEW CHAPTER in title 43:**

2 This chapter does not apply to:

- 3 (1) Any real property interest held by an entity that has received clearance, approval,
4 or a determination of no unresolved national security concerns from the Committee
5 on Foreign Investment in the United States, including any entity operating in
6 compliance with a mitigation or national security agreement under section 721 of
7 the Defense Production Act of 1950, 50 U.S.C. § 4565 (January 1, 2026);
- 8 (2) The exchange, expansion, purchase, relocation, or sale of a real property interest
9 approved by the governing body of a county, municipality, or other political
10 subdivision of this state;
- 11 (3) Any real property interest held by a prohibited entity solely for the purpose of
12 securing indebtedness, if the prohibited entity does not take possession of, or
13 obtain voting or managerial control over, the real property interest;
- 14 (4) Stock ownership in a publicly traded entity by a foreign person, as defined in § 43-
15 2A-1, if the foreign person does not control or operate the publicly traded entity,
16 provided that de minimis stock ownership is not considered control or operation for
17 purposes of this section;
- 18 (5) Any real property interest held by an individual who is a lawful permanent resident
19 or citizen of the United States, including a dual citizen; or
- 20 (6) Any real property interest held by an individual with lawful status, as defined in
21 § 32-12-1.1.