

2026 South Dakota Legislature

House Bill 1318**AMENDMENT 1318A
FOR THE INTRODUCED BILL**

1 **An Act to prohibit the state or a political subdivision from contracting with, investing**
2 **in, operating, or owning natural asset companies.**

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 5:**

5 Terms in this chapter mean:

6 (1) "Natural asset," arable soil, air quality, biodiversity, drainage management,
7 extractive resources, natural disaster resilience, pollution sinks, and water quality;

8 and

9 (2) "Natural asset company," a corporation, limited liability company, or any other
10 entity or affiliate of an entity that:

11 (a) Holds the rights to any measurable ecological outcome of a defined area
12 and has the authority to manage the area for conservation, restoration, or
13 sustainable management;

14 (b) Has a primary purpose of actively growing, maintaining, managing, or
15 restoring the value of natural assets; and

16 (c) Is listed by the Securities and Exchange Commission as a natural asset
17 company, regardless of legal form, but not including any nonprofit
18 organization, privately held farm, or company that contracts with
19 government entities to actively manage ecosystem health by providing
20 physical services; and

21 (3) "State," the State of South Dakota or any agency, board, bureau, commission,
22 council, department, or political subdivision of the State of South Dakota.

23 **Section 2. That a NEW SECTION be added to a NEW CHAPTER in title 5:**

1 The state may not engage in business, whether directly or indirectly, with a natural
2 asset company in a way that would grant the natural asset company a direct or indirect
3 interest in, or right to, public land or state resources.

4 **Section 3. That a NEW SECTION be added to a NEW CHAPTER in title 5:**

5 The investment of any state moneys in a natural asset company is prohibited. Any
6 money allocated to, controlled by, or managed by the state may not be invested in:

7 (1) Securities or other interests of a natural asset company;

8 (2) Mutual funds or other funds invested in a natural asset company; or

9 (3) Private placements, partnerships, or other investments in a natural asset company.

10 The state may not approve, guarantee, issue, sponsor, or otherwise engage with
11 any bond offering involving a natural asset company or any project in which a natural
12 asset company holds an interest or exercises control.

13 Any person overseeing investment or bonding activities in violation of this chapter
14 shall immediately arrange for the disposition of any prohibited investment or use of
15 moneys.

16 **Section 4. That a NEW SECTION be added to a NEW CHAPTER in title 5:**

17 ~~A natural asset company may not operate, conduct business, or acquire assets,~~
18 ~~easements, or other interests in this state~~ The state may not operate or own a natural
19 ~~asset company.~~

20 ~~A-The state may not create, promise, or transfer a natural asset, including real~~
21 ~~property and any associated easement, encumbrance, lien, or other interest or right, -may~~
22 ~~not be used for the benefit of, transferred or promised to, or created for later transfer to~~
23 ~~or use by, to or for use by~~ a natural asset company.

24 If a natural asset company acquires an ownership interest in a natural asset from
25 the state, ownership of the natural asset must revert to the -prior owner state and any
26 associated easement, encumbrance, or lien is void and unenforceable.

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

28 ~~Any state agency, political subdivision, or private citizen, who~~ A private citizen or
29 ~~any person acting under the authority of the state, which~~ is adversely affected by a
30 violation of this chapter, may file an action in the circuit court in the county in which the
31 affected natural asset is located.

1 If the court finds a violation of this chapter has occurred, the court may award
2 attorney fees and costs to the plaintiff.

3 **~~Section 6. That a NEW SECTION be added to a NEW CHAPTER in title 5:~~**

4 ~~The secretary of state shall rescind authority to transact business in this state from any entity~~
5 ~~that becomes a natural asset company.~~

6 ~~The secretary of state shall revoke any certificate of authority already issued to a foreign~~
7 ~~natural asset company.~~

8 ~~The secretary of state may not:~~

9 ~~(1) Accept for filing any articles of incorporation or other organizational documents of a natural~~
10 ~~asset company;~~

11 ~~(2) Grant authority to a natural asset company to transact business in this state;~~

12 ~~(3) Accept any amendment of an existing entity's articles of incorporation or other~~
13 ~~organizational documents for the purpose of converting the existing company into a natural~~
14 ~~asset company;~~

15 ~~(4) Accept filing fees from a natural asset company;~~

16 ~~(5) Permit a natural asset company to enjoy good standing, transact business, or otherwise~~
17 ~~operate in this state; or~~

18 ~~(6) Issue a certificate of authority to a foreign natural asset company.~~

19 **Section 6. That a NEW SECTION be added to a NEW CHAPTER in title 5:**

20 Any contract with a natural asset company entered into on or after July 1, 2026,
21 by the state ~~or by any other entity in violation of the provisions of this chapter~~ is void and
22 unenforceable.

23 **Section 7. That a NEW SECTION be added to a NEW CHAPTER in title 5:**

24 The provisions of this chapter do not apply to the South Dakota Retirement System,
25 the State Investment Council, or any assets managed by the State Investment Council.