

**Chapter 179**  
**(Senate Bill 4)**

**An Act to revise procedures for returning and withholding security deposits for residential premises.**

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

**Section 1. That § 43-32-24 be AMENDED:**

**43-32-24.** Every lessor of residential premises shall, within ~~two weeks~~ twenty-one days after the termination of the tenancy and receipt of the tenant's mailing address or delivery instructions, return the security deposit described in § 43-32-6.1 to the tenant; or furnish to the tenant; a written statement showing the specific reason for ~~the withholding of the deposit,~~ or any portion ~~thereof of the deposit.~~ The lessor may withhold from ~~such the~~ deposit only ~~such the~~ amounts ~~as~~ are reasonably necessary to ~~remedy;~~

(1) Remedy tenant defaults in the payment of ~~rent or of other;~~

(a) Rent; and

(b) Other funds due to the landlord pursuant to an agreement ~~or to restore; and~~

(2) Restore the premises to their condition at the commencement of the tenancy, ordinary wear and tear excepted.

Within forty-five days after termination of the tenancy, upon request of the lessee, the lessor ~~shall must~~ provide the lessee with an itemized accounting of any deposit withheld.

Any lessor of residential premises who fails to comply with this section ~~shall forfeit forfeits~~ all rights to withhold any portion of ~~such the~~ deposit.

The bad faith retention of a deposit, or any portion of a deposit, by a lessor of residential premises, in violation of this section, ~~including or the bad faith~~ failure to provide the written statement ~~and or~~ itemized accounting, as required by this section, ~~shall subject subjects~~ the lessor to punitive damages not to exceed two hundred dollars.

**Signed February 11, 2026**

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