

## 2025 South Dakota Legislature

**House Bill 1107****AMENDMENT 1107B  
FOR THE INTRODUCED BILL**1 **An Act to prohibit natural asset companies.**

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 5:**4 Terms in this chapter mean:5 (1) "Natural asset," arable soil, air quality, biodiversity, drainage management,  
6 extractive resources, natural disaster resilience, pollution sinks, and water quality;7 (2) "Natural asset company," a corporation, limited liability company, or any other  
8 entity or affiliate of an entity that:9 (a) Holds the rights to the ecological performance of a defined area and has the  
10 authority to manage the area for conservation, restoration, or sustainable  
11 management;12 (b) Has a primary purpose of actively growing, maintaining, managing, or  
13 restoring the value of natural assets; or14 (c) Is listed by the Securities and Exchange Commission as a natural asset  
15 company, regardless of legal form, but not including any nonprofit  
16 organization, privately held farm, or company that contracts with  
17 government entities to actively manage ecosystem health by providing  
18 physical services; and19 (3) "State" each agency and political subdivision of this state, ~~except the South Dakota~~  
20 ~~Retirement System and the State Investment Council.~~21 **Section 2. That a NEW SECTION be added to a NEW CHAPTER in title 5:**22 The state may not:23 (1) Encumber, grant easements or liens to, lease, license, or sell public land or state  
24 resources, ~~including land or resources owned by the state retirement system,~~ to or  
25 in favor of a natural asset company; or

1 (2) Otherwise engage in business, whether directly or indirectly, with a natural asset  
2 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 Act shall  
14 immediately arrange for the disposition of any prohibited investment or use of moneys.

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

16 A natural asset, including real property and any associated easement,  
17 encumbrance, lien, or other interest or right, may not be used for the benefit of,  
18 transferred or promised to, or created for later transfer to or use by, a natural asset  
19 company.

20 The Governor, attorney general, any agency of this state, any member of the  
21 Legislature, any political subdivision within this state, or any private citizen who is  
22 adversely affected by a violation of this Act may file an action in the circuit court in the  
23 county in which the affected natural asset is located.

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

27 If the court finds a violation of this Act has occurred, the court may award attorney  
28 fees and costs to the plaintiff.

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

30 A natural asset company may not operate, conduct business, or acquire assets,  
31 easements, or other interests in this state. This section does not apply to any nonprofit

1 organization, privately held farm, or company that contracts with government entities to  
2 actively manage ecosystem health by providing physical services.

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  
5 any entity that becomes a natural asset company.

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

8 The secretary of state may not:

9 (1) Accept for filing any articles of incorporation or other organizational documents of  
10 a natural 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  
14 a natural 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  
17 otherwise operate in this state; or

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

19 **Section 7. 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, 2025,  
21 by the state or by any other entity in violation of the provisions of this Act is void and  
22 unenforceable.

23 **Section 8. That a NEW SECTION be added to a NEW CHAPTER in title 5:**

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