



— STATE OF SOUTH DAKOTA —
OFFICE OF THE GOVERNOR

KRISTI NOEM | GOVERNOR

March 9, 2023

The Honorable Hugh M. Bartels
Speaker of the House
500 East Capitol Avenue
Pierre, South Dakota 57501

Dear Mr. Speaker and Members of the House,

I respectfully return to you House Bill 1193 with my VETO. House Bill 1193 is an Act to amend provisions of the Uniform Commercial Code, known as the UCC.

HB 1193 adopts a definition of "money" to specifically exclude cryptocurrencies like Bitcoin, as well as other digital assets. At the same time, these UCC revisions include Central Bank Digital Currencies ("CBDC's") as money. These developments concern me for several reasons.

First, by expressly excluding cryptocurrencies as money, it would become more difficult to use cryptocurrency. By needlessly limiting this freedom, HB 1193 would put South Dakota citizens at a business disadvantage.

Second, by defining "money" in this proposed way, HB 1193 opens the door to the risk that the federal government could more easily adopt a CBDC, which then may become the only viable digital currency. At this moment in time, such a government-backed electronic currency has not been created. It would be imprudent to create regulations governing something that does not yet exist. More importantly, South Dakota should not open the door to a potential future overreach by the federal government.

The UCC provides uniform model provisions for commercial and banking law. The Uniform Law Commission, which drafts the UCC, suggests changes and modernizations to the Code, which states then adopt as those states see fit. There are some who argue we must rush to adopt these provisions. To the contrary, the UCC's first iteration took twenty years to be adopted by each state. There is no reason South Dakota must adopt the changes made by HB 1193 under this purported deadline. The uniform provisions may adjust as needed after other states experiment with this legislation.

For these reasons, I ask that you sustain my veto of House Bill 1193.

Respectfully submitted,

A blue ink signature of Kristi Noem is written over a horizontal line.

Kristi Noem
Governor

cc: The Honorable Monae Johnson, Secretary of State
The Honorable Larry Rhoden, Lieutenant Governor