

State of South Dakota

EIGHTY-FIFTH SESSION
LEGISLATIVE ASSEMBLY, 2010

982R0648

SENATE STATE AFFAIRS
ENGROSSED NO. **SB 186** - 2/19/2010

Introduced by: Senators Gray, Abdallah, Ahlers, Bartling, Brown, Dempster, Gant, Garnos, Hansen (Tom), Jerstad, Maher, and Miles and Representatives Peters, Faehn, Gibson, Hamiel, Hunhoff (Bernie), Krebs, Noem, Novstrup (David), Olson (Betty), Rave, Rounds, Thompson, and Turbiville

1 FOR AN ACT ENTITLED, An Act to change the unemployment insurance wage base and
2 contribution rates and to declare an emergency.

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

4 Section 1. That § 61-1-35 be amended to read as follows:

5 61-1-35. As used in this title, the term, wages, means remuneration paid in a calendar year
6 to an employee by an employer or the employer's predecessor for employment during any
7 calendar year. The term includes remuneration in addition to the wages defined in this section
8 which are subject to a federal law imposing a tax against which credit may be taken for
9 contributions required to be paid into a state unemployment fund.

10 The term, wages, does not include remuneration of more than:

- 11 (1) Seven thousand dollars, from January 1, 1983, to December 31, 2006, inclusive;
- 12 (2) Eight thousand five hundred dollars, from January 1, 2007, to December 31, 2007,
13 inclusive;



- 1 (3) Nine thousand dollars, from January 1, 2008, to December 31, 2008, inclusive;
- 2 (4) Nine thousand five hundred dollars, from January 1, 2009, to December 31, 2009,
- 3 inclusive; ~~and~~
- 4 (5) Ten thousand dollars, ~~on and after~~ from January 1, 2010, to December 31, 2010,
- 5 inclusive;
- 6 (6) Eleven thousand dollars, from January 1, 2011, to December 31, 2011, inclusive;
- 7 (7) Twelve thousand dollars, from January 1, 2012, to December 31, 2012, inclusive;
- 8 (8) Thirteen thousand dollars, from January 1, 2013, to December 31, 2013, inclusive;
- 9 (9) Fourteen thousand dollars, from January 1, 2014, to December 31, 2014, inclusive;
- 10 and
- 11 (10) Fifteen thousand dollars, on and after January 1, 2015.

12 In this section, the term, employment, includes service constituting employment under any
 13 unemployment compensation law of another state.

14 Section 2. That § 61-5-18.15 be amended to read as follows:

15 61-5-18.15. The employer's reserve ratio for calendar year 2007 ~~and thereafter~~ through
 16 calendar year 2009 shall be the result obtained by dividing the balance of credits existing in the
 17 employer's experience-rating account by the total taxable payroll of the employer for the
 18 preceding three calendar years.

19	Column "A"	Column "B"
20	Contribution Rate	Reserve Ratio
21	8.50%	Less than -7.00%
22	8.00%	-7.00% and Less than -6.50%
23	7.50%	-6.50% and Less than -6.00%
24	7.00%	-6.00% and Less than -5.50%
25	6.50%	-5.50% and Less than -5.00%

1	6.00%	-5.00% and Less than -4.50%
2	5.50%	-4.50% and Less than -4.00%
3	5.00%	-4.00% and Less than -3.50%
4	4.50%	-3.50% and Less than -3.00%
5	4.00%	-3.00% and Less than -2.50%
6	3.50%	-2.50% and Less than -2.00%
7	3.00%	-2.00% and Less than -1.50%
8	2.50%	-1.50% and Less than -1.00%
9	2.00%	-1.00% and Less than -0.50%
10	1.50%	-0.50% and Less than 0.00%
11	1.00%	0.00% and Less than 0.20%
12	0.90%	0.20% and Less than 0.40%
13	0.80%	0.40% and Less than 0.60%
14	0.70%	0.60% and Less than 0.80%
15	0.60%	0.80% and Less than 1.00%
16	0.50%	1.00% and Less than 1.20%
17	0.40%	1.20% and Less than 1.30%
18	0.30%	1.30% and Less than 1.40%
19	0.20%	1.40% and Less than 1.50%
20	0.10%	1.50% and Less than 1.60%
21	0.00%	1.60% and Over

22 Section 3. That chapter 61-5 be amended by adding thereto a NEW SECTION to read as
23 follows:

24 The employer's reserve ratio for calendar year 2010 and thereafter shall be the result
25 obtained by dividing the balance of credits existing in the employer's experience-rating account
26 by the total taxable payroll of the employer for the preceding three calendar years.

	Column "A"	Column "B"
	Contribution Rate	Reserve Ratio
1		
2		
3	9.50%	Less than -6.50%
4	9.00%	-6.50% and Less than -6.00%
5	8.50%	-6.00% and Less than -5.50%
6	8.00%	-5.50% and Less than -5.00%
7	7.50%	-5.00% and Less than -4.50%
8	7.00%	-4.50% and Less than -4.00%
9	6.50%	-4.00% and Less than -3.50%
10	6.00%	-3.50% and Less than -3.00%
11	5.50%	-3.00% and Less than -2.50%
12	5.00%	-2.50% and Less than -2.00%
13	4.50%	-2.00% and Less than -1.50%
14	4.00%	-1.50% and Less than -1.00%
15	3.50%	-1.00% and Less than -0.75%
16	3.00%	-0.75% and Less than -0.50%
17	2.50%	-0.50% and Less than -0.25%
18	2.00%	-0.25% and Less than 0.00%
19	1.50%	0.00% and Less than 0.50%
20	1.25%	0.50% and Less than 0.75%
21	1.00%	0.75% and Less than 1.00%
22	0.50%	1.00% and Less than 1.25%
23	0.35%	1.25% and Less than 1.50%
24	0.20%	1.50% and Less than 2.00%
25	0.10%	2.00% and Less than 2.50%
26	0.00%	2.50% and Over

27 The contribution rates provided in this section apply to and are retroactive to taxable wages
28 paid on and after January 1, 2010.

29 Section 4. That § 61-5-23 be amended to read as follows:

1 61-5-23. If on the last day of any calendar quarter, the amount in the unemployment
 2 compensation fund, as established by § 61-4-1, including amounts receivable as federal
 3 reimbursements due the state for shareable benefit payments, is less than any amount appearing
 4 in Column A below, then all employers' rates shall be increased by the amount appearing in
 5 Column B opposite the lowest amount in Column A under which the fund has been reduced:

6	Column A	Column B
7	Balance in Fund	Rates
8	\$11,000,000	.1 %
9	10,500,000	.2 %
10	10,000,000	.3 %
11	9,500,000	.4 %
12	9,000,000	.5 %
13	8,500,000	.6 %
14	8,000,000	.7 %
15	7,500,000	.8 %
16	7,000,000	.9 %
17	6,500,000	1.0 %
18	6,000,000	1.25%
19	5,500,000	1.5 %

20 The increased contribution rates apply to taxable wages paid on and after the first day of the
 21 immediately following calendar quarter. The rates shall remain in effect until the balance in the
 22 unemployment fund on the last day of any quarter is equal to or greater than one hundred fifty
 23 percent of the highest amount appearing in Column A. The increased rate shall be one-tenth of
 24 one percent if the balance in the fund is one hundred percent or more but less than one hundred
 25 fifty percent of the highest amount appearing in Column A. However under no circumstances
 26 may any employer be required to pay contributions at a rate including the adjustment percentage,

1 of more than ~~ten and one-half~~ twelve percent. ~~However, the increased contribution rates do not~~
2 ~~apply to wages paid from July 1, 2006, to June 30, 2009, inclusive, unless the amount in the~~
3 ~~fund at the end of any quarter in that period is two million dollars or less. However, the~~
4 increased contribution rates under this section shall not exceed one percent for taxable wages
5 paid from January 1, 2010, through December 31, 2010, and may not exceed seventy-five
6 hundredths of one percent for taxable wages paid from January 1, 2011, through December 31,
7 2011. Effective January 1, 2012, any rate increase based on this section will remain in effect for
8 four consecutive calendar quarters. The rate for the second, third, and fourth quarters may
9 increase based on the fund balance on the last day of the immediately prior quarter, but may not
10 decrease from the prior quarter during the four consecutive quarters.

11 The contribution rates provided in this section apply to and are retroactive to taxable wages
12 paid on and after January 1, 2010.

13 Section 5. Whereas, this Act is necessary for the support of the state government and its
14 existing public institutions, an emergency is hereby declared to exist, and this Act shall be in
15 full force and effect from and after its passage and approval.