



# 2025 South Dakota Legislature

## Senate Bill 26

*Introduced by: The Chair of the Committee on Commerce and Energy at the request of the Department of Labor and Regulation*

1 **An Act to reduce employer contribution rates and increase the administrative fee**  
 2 **rate for reemployment assistance.**

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

4 **Section 1. That § 61-5-25.6 be AMENDED:**

5 **61-5-25.6.** The employer's reserve ratio for calendar year 2024 and each year  
 6 thereafter is the result of the balance of credits existing in the employer's experience-  
 7 rating account as of June thirtieth preceding the year the rate is to be calculated, divided  
 8 by the total taxable payroll of the employer for the preceding three fiscal years. The  
 9 employer's experience-rating account balance for the purpose of this section is the balance  
 10 on July thirty-first of the year preceding the year rates are calculated and is the difference  
 11 between the contributions paid through July thirty-first and the benefits paid through the  
 12 preceding June thirtieth.

	Column "A"			Column "B"
	Contribution Rate			Reserve Ratio
	Schedule A	Schedule B	Schedule C	
17	9.45%	9.30%	8.80%	Less than -7.00%
18	8.95%	8.80%	8.30%	-7.00% and Less than -6.50%
19	8.45%	8.30%	7.80%	-6.50% and Less than -6.00%
20	7.95%	7.80%	7.30%	-6.00% and Less than -5.50%
21	7.45%	7.30%	6.80%	-5.50% and Less than -5.00%
22	6.95%	6.80%	6.30%	-5.00% and Less than -4.50%
23	6.45%	6.30%	5.80%	-4.50% and Less than -4.00%

Underscores indicate new language.  
Overstrikes indicate deleted language.

1	5.95%	5.80%	5.30%	-4.00% and Less than -3.50%
2	5.45%	5.30%	4.80%	-3.50% and Less than -3.00%
3	4.95%	4.80%	4.30%	-3.00% and Less than -2.50%
4	4.45%	4.30%	3.80%	-2.50% and Less than -2.00%
5	3.95%	3.80%	3.30%	-2.00% and Less than -1.50%
6	3.45%	3.30%	2.80%	-1.50% and Less than -1.00%
7	2.95%	2.80%	2.30%	-1.00% and Less than -0.75%
8	2.45%	2.30%	1.80%	-0.75% and Less than -0.50%
9	1.95%	1.80%	1.30%	-0.50% and Less than -0.25%
10	1.45%	1.30%	0.80%	-0.25% and Less than 0.00%
11	0.95%	0.80%	0.30%	0.00% and Less than 0.50%
12	0.70%	0.55%	0.05%	0.50% and Less than 0.75%
13	0.55%	0.40%	0.00%	0.75% and Less than 1.00%
14	0.35%	0.20%	0.00%	1.00% and Less than 1.25%
15	0.25%	0.10%	0.00%	1.25% and Less than 1.50%
16	0.15%	0.00%	0.00%	1.50% and Less than 1.75%
17	0.05%	0.00%	0.00%	1.75% and Less than 2.25%
18	0.00%	0.00%	0.00%	2.25% and Over

19           The contribution rates provided in this section apply to taxable wages paid ~~on and~~  
20           after from January 1, 2024, to December 31, 2025, inclusive.

21   **Section 2. That a NEW SECTION be added to chapter 61-5:**

22           The employer's reserve ratio for calendar year 2026 and each year thereafter is  
23           the result of the balance of credits existing in the employer's experience-rating account  
24           as of June thirtieth preceding the year the rate is to be calculated, divided by the total  
25           taxable payroll of the employer for the preceding three fiscal years. The employer's  
26           experience-rating account balance for the purpose of this section is the balance on July  
27           thirty-first of the year preceding the year rates are calculated and is the difference  
28           between the contributions paid through July thirty-first and the benefits paid through the  
29           preceding June thirtieth.

30

Column "A"

Column "B"

1

<u>Contribution Rate</u>			<u>Reserve Ratio</u>
<u>Schedule A</u>	<u>Schedule B</u>	<u>Schedule C</u>	
<u>9.39%</u>	<u>9.24%</u>	<u>8.52%</u>	<u>Less than -7.00%</u>
<u>8.89%</u>	<u>8.74%</u>	<u>8.02%</u>	<u>-7.00% and Less than -6.50%</u>
<u>8.39%</u>	<u>8.24%</u>	<u>7.52%</u>	<u>-6.50% and Less than -6.00%</u>
<u>7.89%</u>	<u>7.74%</u>	<u>7.02%</u>	<u>-6.00% and Less than -5.50%</u>
<u>7.39%</u>	<u>7.24%</u>	<u>6.52%</u>	<u>-5.50% and Less than -5.00%</u>
<u>6.89%</u>	<u>6.74%</u>	<u>6.02%</u>	<u>-5.00% and Less than -4.50%</u>
<u>6.39%</u>	<u>6.24%</u>	<u>5.52%</u>	<u>-4.50% and Less than -4.00%</u>
<u>5.89%</u>	<u>5.74%</u>	<u>5.02%</u>	<u>-4.00% and Less than -3.50%</u>
<u>5.39%</u>	<u>5.24%</u>	<u>4.52%</u>	<u>-3.50% and Less than -3.00%</u>
<u>4.89%</u>	<u>4.74%</u>	<u>4.02%</u>	<u>-3.00% and Less than -2.50%</u>
<u>4.39%</u>	<u>4.24%</u>	<u>3.52%</u>	<u>-2.50% and Less than -2.00%</u>
<u>3.89%</u>	<u>3.74%</u>	<u>3.02%</u>	<u>-2.00% and Less than -1.50%</u>
<u>3.39%</u>	<u>3.24%</u>	<u>2.52%</u>	<u>-1.50% and Less than -1.00%</u>
<u>2.89%</u>	<u>2.74%</u>	<u>2.02%</u>	<u>-1.00% and Less than -0.75%</u>
<u>2.39%</u>	<u>2.24%</u>	<u>1.52%</u>	<u>-0.75 and Less than -0.50%</u>
<u>1.89%</u>	<u>1.74%</u>	<u>1.02%</u>	<u>-0.50% and Less than -0.25%</u>
<u>1.39%</u>	<u>1.24%</u>	<u>0.52%</u>	<u>-0.25% and Less than 0.00%</u>
<u>0.89%</u>	<u>0.74%</u>	<u>0.02%</u>	<u>0.00% and Less than 0.50%</u>
<u>0.64%</u>	<u>0.49%</u>	<u>0.00%</u>	<u>0.50% and Less than 0.75%</u>
<u>0.49%</u>	<u>0.34%</u>	<u>0.00%</u>	<u>0.75% and Less than 1.00%</u>
<u>0.29%</u>	<u>0.14%</u>	<u>0.00%</u>	<u>1.00% and Less than 1.25%</u>
<u>0.19%</u>	<u>0.04%</u>	<u>0.00%</u>	<u>1.25% and Less than 1.50%</u>
<u>0.09%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.50% and Less than 1.75%</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.75% and Less than 2.25%</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>2.25% and Over</u>

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The contribution rates provided in this section apply to taxable wages paid on and after January 1, 2026.

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**Section 3. That § 61-5-28.1 be AMENDED:**

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**61-5-28.1.** Each employer eligible for experience rating, ~~as defined~~ provided for in § 61-5-24, on the computation date for the year, shall also pay an administrative fee on wages, ~~as defined by this title.~~ If an employer's reserve ratio, as determined pursuant to § 61-5-25.4 through calendar year 2019, pursuant to § 61-5-25.5 for calendar year

1 2020 through calendar year 2023, and pursuant to § 61-5-25.6 for calendar year 2024  
 2 ~~and each year thereafter through calendar year 2025~~, is less than two and one-quarter  
 3 percent, an administrative fee of two-hundredths percent ~~shall~~ must be paid by the  
 4 employer. For calendar year 2026 and each year thereafter, an administrative fee of eight-  
 5 hundredths percent must be paid by the employer.

6 The terms and conditions of this title that apply to the payment and collection of  
 7 contributions also apply to the payment and collection of the administrative fee. ~~Proceeds~~  
 8 The department must deposit the proceeds from the administrative fee ~~must be deposited~~  
 9 in the clearing account of the unemployment compensation fund for clearance only ~~and~~.  
 10 The proceeds may not become part of the fund. After clearance, the department must  
 11 deposit the money derived from the administrative fee payments, less refunds made  
 12 pursuant to the provisions of this title, ~~must be deposited~~ in the employment security  
 13 administration fund for expenditure as provided for in § 61-3-24. No administrative fee  
 14 payment may be credited to the employer's experience rating account, nor may the  
 15 payment be deducted in whole or in part by any employer from the wages of individuals  
 16 in its employ.

17 The administrative fee provided in this section applies to taxable wages paid on  
 18 and after January 1, 2018.

19 **Section 4. That § 61-5-29 be AMENDED:**

20 **61-5-29.** Employers required by this title to pay contributions, except employers  
 21 pursuant to chapter 61-5A, that reimburse the unemployment compensation trust fund  
 22 for benefits paid in lieu of contributions, shall also pay an employer's investment in South  
 23 Dakota's future fee, hereinafter referred to as the<sub>7</sub> investment fee, on wages as defined  
 24 by this title. The fee rate for employers not eligible for experience rating, as ~~defined~~  
 25 provided for in § 61-5-24, must be ~~seventy-hundredths~~ seventy-hundredths percent  
 26 through calendar year 2006 and fifty-five hundredths percent on and after January 1,  
 27 2007. If an employer is eligible for experience rating, the employer's reserve ratio must  
 28 be determined pursuant to § 61-5-25.3 through calendar year 2017, pursuant to § 61-5-  
 29 25.4 for calendar years 2018 and 2019, pursuant to § 61-5-25.5 for calendar year 2020  
 30 through calendar year 2023, ~~and~~ pursuant to § 61-5-25.6 for calendar year 2024 through  
 31 calendar year 2025, and pursuant to section 2 of this Act for calendar year 2026 and each  
 32 year thereafter, and the employer's investment fee rate must be the rate appearing in  
 33 column "A" on the same line the employer's reserve ratio appears in column "B" of the  
 34 following rate schedule:

Underscores indicate new language.  
 Overstrikes indicate deleted language.

	Column "A"	Column "B"
1		
2	Investment Fee Rate	Reserve Ratio
3	0.53%	Less than 1.00%
4	0.50%	1.00% and Less than 1.20%
5	0.40%	1.20% and Less than 1.30%
6	0.30%	1.30% and Less than 1.40%
7	0.20%	1.40% and Less than 1.50%
8	0.10%	1.50% and Less than 1.60%
9	0.00%	1.60% and Over

10           The terms and conditions of this title that apply to the payment and collection of  
11 contributions also apply to the payment and collection of the investment fee. ~~Proceeds~~  
12 The department shall deposit the proceeds from the investment fee ~~must be deposited~~ in  
13 the clearing account of the unemployment compensation fund for clearance only ~~and~~. The  
14 proceeds may not become part of the fund. After clearance, the department must deposit  
15 the money derived from the investment fee payments, less refunds made pursuant to the  
16 provisions of this title, ~~must be deposited~~ in the employer's investment in South Dakota's  
17 future fund, as provided for in § 61-5-29.1. No investment fee payment may be credited  
18 to the employer's experience-rating account, nor may the payment be deducted in whole  
19 or in part by any employer from the wages of individuals in its employ.

20           The investment fee rate may not be increased over the applicable 1987 investment  
21 fee rate for any employer with a positive balance in the employer's experience-rating  
22 account on the computation date, as established in rules promulgated by the secretary of  
23 labor and regulation ~~pursuant to~~, in accordance with chapter 1-26, for the current year  
24 and the year preceding the current year.

25           The investment rates provided in this section apply to and are retroactive to taxable  
26 wages paid on and after January 1, 1993.

Underscores indicate new language.  
~~Overstrikes~~ indicate deleted language.