

State of South Dakota

NINETY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 2019

400B0380

HOUSE BILL NO. 1034

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

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding unemployment
2 insurance contribution rates.

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

4 Section 1. That § 61-5-25.4 be amended to read:

5 61-5-25.4. The employer's reserve ratio for calendar year 2018 and each year thereafter is
6 the result of the balance of credits existing in the employer's experience-rating account as of
7 June thirtieth preceding the year the rate is to be calculated divided by the total taxable payroll
8 of the employer for the preceding three fiscal years. The employer's experience-rating account
9 balance for the purpose of this section is the balance on July thirty-first of the year preceding
10 the year rates are calculated and is the difference between the contributions paid through July
11 thirty-first and the benefits paid through the preceding June thirtieth.

	Column "A"		Column "B"
	Contribution Rate		Reserve Ratio
	Schedule A	Schedule B	
15	9.45%	9.35%	Less than -7.00%



1	8.95%	8.85%	-7.00% and Less than -6.50%
2	8.45%	8.35%	-6.50% and Less than -6.00%
3	7.95%	7.85%	-6.00% and Less than -5.50%
4	7.45%	7.35%	-5.50% and Less than -5.00%
5	6.95%	6.85%	-5.00% and Less than -4.50%
6	6.45%	6.35%	-4.50% and Less than -4.00%
7	5.95%	5.85%	-4.00% and Less than -3.50%
8	5.45%	5.35%	-3.50% and Less than -3.00%
9	4.95%	4.85%	-3.00% and Less than -2.50%
10	4.45%	4.35%	-2.50% and Less than -2.00%
11	3.95%	3.85%	-2.00% and Less than -1.50%
12	3.45%	3.35%	-1.50% and Less than -1.00%
13	2.95%	2.85%	-1.00% and Less than -0.75%
14	2.45%	2.35%	-0.75% and Less than -0.50%
15	1.95%	1.85%	-0.50% and Less than -0.25%
16	1.45%	1.35%	-0.25% and Less than 0.00%
17	0.95%	0.85%	0.00% and Less than 0.50%
18	0.70%	0.60%	0.50% and Less than 0.75%
19	0.55%	0.45%	0.75% and Less than 1.00%
20	0.35%	0.25%	1.00% and Less than 1.25%
21	0.25%	0.15%	1.25% and Less than 1.50%
22	0.15%	0.05%	1.50% and Less than 1.75%
23	0.05%	0.00%	1.75% and Less than 2.25%
24	0.00%	0.00%	2.25% and Over

25 The contribution rates provided in this section apply to taxable wages paid on ~~and after~~
26 January 1, 2018, to December 31, 2019, inclusive.

27 Section 2. That chapter 61-5 be amended by adding a NEW SECTION to read:

28 The employer's reserve ratio for calendar year 2020 and each year thereafter is the result of

1 the balance of credits existing in the employer's experience-rating account as of June thirtieth
 2 preceding the year the rate is to be calculated divided by the total taxable payroll of the
 3 employer for the preceding three fiscal years. The employer's experience-rating account balance
 4 for the purpose of this section is the balance on July thirty-first of the year preceding the year
 5 rates are calculated and is the difference between the contributions paid through July thirty-first
 6 and the benefits paid through the preceding June thirtieth.

	Column "A"		Column "B"
	Contribution Rate		Reserve Ratio
	Schedule A	Schedule B	
10	9.45%	9.30%	Less than -7.00%
11	8.95%	8.80%	-7.00% and Less than -6.50%
12	8.45%	8.30%	-6.50% and Less than -6.00%
13	7.95%	7.80%	-6.00% and Less than -5.50%
14	7.45%	7.30%	-5.50% and Less than -5.00%
15	6.95%	6.80%	-5.00% and Less than -4.50%
16	6.45%	6.30%	-4.50% and Less than -4.00%
17	5.95%	5.80%	-4.00% and Less than -3.50%
18	5.45%	5.30%	-3.50% and Less than -3.00%
19	4.95%	4.80%	-3.00% and Less than -2.50%
20	4.45%	4.30%	-2.50% and Less than -2.00%
21	3.95%	3.80%	-2.00% and Less than -1.50%
22	3.45%	3.30%	-1.50% and Less than -1.00%
23	2.95%	2.80%	-1.00% and Less than -0.75%
24	2.45%	2.30%	-0.75% and Less than -0.50%
25	1.95%	1.80%	-0.50% and Less than -0.25%
26	1.45%	1.30%	-0.25% and Less than 0.00%
27	0.95%	0.80%	0.00% and Less than 0.50%
28	0.70%	0.55%	0.50% and Less than 0.75%

1	0.55%	0.40%	0.75% and Less than 1.00%
2	0.35%	0.20%	1.00% and Less than 1.25%
3	0.25%	0.10%	1.25% and Less than 1.50%
4	0.15%	0.00%	1.50% and Less than 1.75%
5	0.05%	0.00%	1.75% and Less than 2.25%
6	0.00%	0.00%	2.25% and Over

7 The contribution rates provided in this section apply to taxable wages paid on and after
8 January 1, 2020.

9 Section 3. That § 61-5-28.1 be amended to read:

10 61-5-28.1. Each employer eligible for experience-rating as defined in § 61-5-24 on the
11 computation date for the year, shall also pay an administrative fee on wages as defined by this
12 title. If an employer's reserve ratio, as determined pursuant to § 61-5-25.4 through calendar year
13 2019 and pursuant to section 2 of this Act for each year thereafter, is less than two and one-
14 quarter percent, an administrative fee of two hundredths percent shall be paid by the employer.

15 The terms and conditions of this title that apply to the payment and collection of
16 contributions also apply to the payment and collection of the administrative fee. Proceeds from
17 the administrative fee shall be deposited in the clearing account of the unemployment
18 compensation fund for clearance only and may not become part of the fund. After clearance, the
19 money derived from the administrative fee payments, less refunds made pursuant to the
20 provisions of this title, shall be deposited in the employment security administration fund for
21 expenditure as provided in § 61-3-24. No administrative fee payment may be credited to the
22 employer's experience-rating account nor may be deducted in whole or in part by any employer
23 from the wages of individuals in its employ.

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

1 Section 4. That § 61-5-29 be amended to read:

2 61-5-29. Employers required by this title to pay contributions, except employers pursuant
3 to chapter 61-5A, that reimburse the unemployment compensation trust fund for benefits paid
4 in lieu of contributions, shall also pay an employer's investment in South Dakota's future fee,
5 hereinafter referred to as the, investment fee, on wages as defined by this title. The fee rate for
6 employers not eligible for experience rating, as defined in § 61-5-24, shall be seventy
7 hundredths percent through calendar year 2006 and fifty-five hundredths percent on and after
8 January 1, 2007. If an employer is eligible for experience rating, the employer's reserve ratio
9 shall be determined pursuant to § 61-5-25.3 through calendar year 2017~~and~~, pursuant to § 61-5-
10 25.4 for calendar ~~year years~~ 2018 and 2019, and pursuant to section 2 of this Act for calendar
11 year 2020 and each year thereafter, and the employer's investment fee rate shall be the rate
12 appearing in column "A" on the same line the employer's reserve ratio appears in column "B"
13 of the following rate ~~schedules~~: schedule:

14 ~~From January 1, 1993, to December 31, 2006, inclusive:~~

15	Column "A"	Column "B"
16	Investment Fee Rate	Reserve Ratio
17	0.70%	Less than 0.80%
18	0.60%	0.80% and Less than 1.00%
19	0.50%	1.00% and Less than 1.20%
20	0.40%	1.20% and Less than 1.30%
21	0.30%	1.30% and Less than 1.40%
22	0.20%	1.40% and Less than 1.50%
23	0.10%	1.50% and Less than 1.60%
24	0.00%	1.60% and Over

25 ~~From January 1, 2007, to December 31, 2007, inclusive:~~

1	Column "A"	Column "B"
2	Investment Fee Rate	Reserve Ratio
3	0.60%	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 ~~From January 1, 2008, to December 31, 2008, inclusive:~~

11	Column "A"	Column "B"
12	Investment Fee Rate	Reserve Ratio
13	0.58%	Less than 1.00%
14	0.50%	1.00% and Less than 1.20%
15	0.40%	1.20% and Less than 1.30%
16	0.30%	1.30% and Less than 1.40%
17	0.20%	1.40% and Less than 1.50%
18	0.10%	1.50% and Less than 1.60%
19	0.00%	1.60% and Over

20 ~~From January 1, 2009, to December 31, 2009, inclusive:~~

21	Column "A"	Column "B"
22	Investment Fee Rate	Reserve Ratio
23	0.56%	Less than 1.00%
24	0.50%	1.00% and Less than 1.20%
25	0.40%	1.20% and Less than 1.30%
26	0.30%	1.30% and Less than 1.40%
27	0.20%	1.40% and Less than 1.50%

1	0.10%	1.50% and Less than 1.60%
2	0.00%	1.60% and Over

3 ~~From January 1, 2010, to December 31, 2010, inclusive:~~

4	Column "A"	Column "B"
5	Investment Fee Rate	Reserve Ratio
6	0.55%	Less than 1.00%
7	0.50%	1.00% and Less than 1.20%
8	0.40%	1.20% and Less than 1.30%
9	0.30%	1.30% and Less than 1.40%
10	0.20%	1.40% and Less than 1.50%
11	0.10%	1.50% and Less than 1.60%
12	0.00%	1.60% and Over

13 ~~Beginning January 1, 2011:~~

14	Column "A"	Column "B"
15	Investment Fee Rate	Reserve Ratio
16	0.53%	Less than 1.00%
17	0.50%	1.00% and Less than 1.20%
18	0.40%	1.20% and Less than 1.30%
19	0.30%	1.30% and Less than 1.40%
20	0.20%	1.40% and Less than 1.50%
21	0.10%	1.50% and Less than 1.60%
22	0.00%	1.60% and Over

23 The terms and conditions of this title that apply to the payment and collection of
 24 contributions also apply to the payment and collection of the investment fee. Proceeds from the
 25 investment fee shall be deposited in the clearing account of the unemployment compensation
 26 fund for clearance only and may not become part of the fund. After clearance, the money

1 derived from the investment fee payments, less refunds made pursuant to the provisions of this
2 title, shall be deposited in the employer's investment in South Dakota's future special revenue
3 fund as provided for in § 61-5-29.1. No investment fee payment may be credited to the
4 employer's experience-rating account nor may be deducted in whole or in part by any employer
5 from the wages of individuals in its employ.

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

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