



2024 South Dakota Legislature

House Bill 1173

Introduced by: **Representative** Karr

1 **An Act to revise unemployment insurance contribution rates.**

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

3 **Section 1. That § 61-5-29 be AMENDED:**

4 **61-5-29.** Employers required by this title to pay contributions, except employers
 5 pursuant to chapter 61-5A, that reimburse the unemployment compensation trust fund
 6 for benefits paid in lieu of contributions, shall also pay an employer's investment in South
 7 Dakota's future fee, hereinafter referred to as the, investment fee, on wages as defined
 8 by this title. The fee rate for employers not eligible for experience rating, as defined in
 9 § 61-5-24, must be seventy hundredths percent through calendar year 2006 and fifty-five
 10 hundredths percent on and after January 1, 2007. If an employer is eligible for experience
 11 rating, the employer's reserve ratio must be determined pursuant to § 61-5-25.3 through
 12 calendar year 2017, pursuant to § 61-5-25.4 for calendar years 2018 and 2019, pursuant
 13 to § 61-5-25.5 for calendar year 2020 through calendar year 2023, and pursuant to § 61-
 14 5-25.6 for calendar year 2024 and each year thereafter, and the employer's investment
 15 fee rate must be the applicable rate appearing in ~~column "A" on the same line the~~
 16 ~~employer's reserve ratio appears in column "B" of the following rate schedule:~~ section 2
 17 of this Act.

	Column "A"	Column "B"
	Investment Fee Rate	Reserve Ratio
18	0.53%	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		
24		

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

3 The terms and conditions of this title that apply to the payment and collection of
4 contributions also apply to the payment and collection of the investment fee. Proceeds
5 from the investment fee must be deposited in the clearing account of the unemployment
6 compensation fund for clearance only and may not become part of the fund. After
7 clearance, the money derived from the investment fee payments, less refunds made
8 pursuant to the provisions of this title, must be deposited in the employer's investment in
9 South Dakota's future fund as provided for in § 61-5-29.1. No investment fee payment
10 may be credited to the employer's experience-rating account nor may the payment be
11 deducted in whole or in part by any employer from the wages of individuals in its employ.

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

17 The investment rates provided in ~~this section~~ section 2 of this Act apply to and are
18 retroactive to taxable wages paid on and after January 1, 1993.

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

20 The applicable employer's investment fee rate for § 61-5-29 is as follows:

- 21 (1) Beginning January 1, 2024, an:
 - 22 (a) Investment fee rate of 0.53% with a reserve ratio of less than 1.00%;
 - 23 (b) Investment fee rate of 0.50% with a reserve ratio of 1.00% and less
24 than 1.20%;
 - 25 (c) Investment fee rate of 0.40% with a reserve ratio of 1.20% and less
26 than 1.30%;
 - 27 (d) Investment fee rate of 0.30% with a reserve ratio of 1.30% and less
28 than 1.40%;
 - 29 (e) Investment fee rate of 0.20% with a reserve ratio of 1.40% and less
30 than 1.50%;
 - 31 (f) Investment fee rate of 0.10% with a reserve ratio of 1.50% and less
32 than 1.60%;
 - 33 (g) Investment fee rate of 0.00% with a reserve ratio of 1.60%.
- 34 (2) Beginning January 1, 2025, an:

Underscores indicate new language.
Overstrokes indicate deleted language.

- 1 (a) Investment fee rate of 0.424% with a reserve ratio of less than 1.00%;
2 (b) Investment fee rate of 0.40% with a reserve ratio of 1.00% and less
3 than 1.20%;
4 (c) Investment fee rate of 0.32% with a reserve ratio of 1.20% and less
5 than 1.30%;
6 (d) Investment fee rate of 0.24% with a reserve ratio of 1.30% and less
7 than 1.40%;
8 (e) Investment fee rate of 0.16% with a reserve ratio of 1.40% and less
9 than 1.50%;
10 (f) Investment fee rate of 0.08% with a reserve ratio of 1.50% and less
11 than 1.60%;
12 (g) Investment fee rate of 0.00% with a reserve ratio of 1.60% or greater.
13 (3) Beginning January 1, 2026, an:
14 (a) Investment fee rate of 0.318% with a reserve ratio of less than 1.00%;
15 (b) Investment fee rate of 0.30% with a reserve ratio of 1.00% and less
16 than 1.20%;
17 (c) Investment fee rate of 0.24% with a reserve ratio of 1.20% and less
18 than 1.30%;
19 (d) Investment fee rate of 0.18% with a reserve ratio of 1.30% and less
20 than 1.40%;
21 (e) Investment fee rate of 0.12% with a reserve ratio of 1.40% and less
22 than 1.50%;
23 (f) Investment fee rate of 0.06% with a reserve ratio of 1.50% and less
24 than 1.60%;
25 (g) Investment fee rate of 0.00% with a reserve ratio of 1.60% or greater.
26 (4) Beginning January 1, 2027, an:
27 (a) Investment fee rate of 0.212% with a reserve ratio of less than 1.00%;
28 (b) Investment fee rate of 0.20% with a reserve ratio of 1.00% and less
29 than 1.20%;
30 (c) Investment fee rate of 0.16% with a reserve ratio of 1.20% and less
31 than 1.30%;
32 (d) Investment fee rate of 0.12% with a reserve ratio of 1.30% and less
33 than 1.40%;
34 (e) Investment fee rate of 0.08% with a reserve ratio of 1.40% and less
35 than 1.50%;

- 1 (f) Investment fee rate of 0.04% with a reserve ratio of 1.50% and less
2 than 1.60%;
3 (g) Investment fee rate of 0.00% with a reserve ratio of 1.60% or greater.
4 (5) Beginning January 1, 2028, an:
5 (a) Investment fee rate of 0.106% with a reserve ratio of less than 1.00%;
6 (b) Investment fee rate of 0.10% with a reserve ratio of 1.00% and less
7 than 1.20%;
8 (c) Investment fee rate of 0.08% with a reserve ratio of 1.20% and less
9 than 1.30%;
10 (d) Investment fee rate of 0.06% with a reserve ratio of 1.30% and less
11 than 1.40%;
12 (e) Investment fee rate of 0.04% with a reserve ratio of 1.40% and less
13 than 1.50%;
14 (f) Investment fee rate of 0.02% with a reserve ratio of 1.50% and less
15 than 1.60%;
16 (g) Investment fee rate of 0.00% with a reserve ratio of 1.60% or greater.
17 (6) Beginning January 1, 2029, an investment fee rate of 0.00%.
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