

State of South Dakota

SEVENTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 1999

491C0496

HOUSE ENGROSSED NO. **SB111** - 3/3/99

This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsors.

Introduced by: Senators Paisley and Everist and Representatives Koskan, Diedrich (Larry), and Wilson

1 FOR AN ACT ENTITLED, An Act to establish certain provisions regarding the taxation of the
2 gross receipts of a professional employer organization.

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

4 Section 1. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 The gross receipts of a professional employer organization are specifically subject to the tax
7 imposed by this chapter. However, a professional employer organization may deduct from its
8 taxable gross receipts its actual disbursements, including appropriate reserves, for the wages,
9 salaries, payroll taxes, payroll deductions, workers' compensation costs, insurance premiums,
10 welfare benefits, retirement benefits, and other employee benefits of its co-employees.

11 Section 2. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
12 follows:

13 For the purposes of section 1 of this Act, the term, professional employer organization,
14 means a firm which:

15 (1) Enters into a contractual agreement with a client company to create a co-employment
16 relationship for the provision of payroll, benefits, and other human resources

1 functions;

2 (2) Covers at least seventy-five percent of the client company's full-time or full-time
3 equivalent employees domiciled in South Dakota; and

4 (3) Maintains separate books and records of account for each client company.

5 Section 3. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
6 follows:

7 The provisions of this Act do not apply to the providing of temporary help services or to any
8 other arrangement whereby a firm temporarily assigns employees of the firm to support or
9 supplement a client company's regular work force in special situations such as employee
10 absences, temporary skill shortages, seasonal workloads and special assignments, or projects.

1 **BILL HISTORY**

2 1/22/99 First read in Senate and referred to Taxation. S.J. 162

3 1/27/99 Scheduled for Committee hearing on this date.

4 1/27/99 Taxation Do Pass Amended, Passed, AYES 9, NAYS 0. S.J. 209

5 1/28/99 Taxation Hog Housed.

6 1/29/99 Senate Do Pass Amended, Passed, AYES 32, NAYS 1. S.J. 263

7 2/1/99 First read in House and referred to committee assignment waived. H.J. 300

8 2/2/99 Referred to Taxation. H.J. 332

9 2/23/99 Scheduled for Committee hearing on this date.

10 2/23/99 Taxation Do Pass, Passed, AYES 13, NAYS 0. H.J. 696

11 2/24/99 House of Representatives Deferred to another day. H.J. 761

12 2/25/99 House of Representatives Deferred to another day. H.J. 780

13 2/26/99 House of Representatives Deferred to another day. H.J. 801

14 3/1/99 House of Representatives Deferred to another day. H.J. 818

15 3/2/99 Motion to Amend, Passed. H.J. 849

16 3/2/99 House of Representatives Do Pass Amended, Passed, AYES 68, NAYS 0. H.J. 850