

State of South Dakota

SEVENTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 1999

491C0496

SENATE TAXATION COMMITTEE

ENGROSSED NO. **SB111** - 1/28/99

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 For the purposes of chapter 10-45, gross receipts of a professional employer organization
7 includes only those amounts received as administrative fees from a client company, whether on
8 a fee-for-service basis or as a percentage of total receipts from the client company. The gross
9 receipts do not include any other amount paid by the client company to the professional employer
10 organization for the benefit of any employee, including wages, salaries, payroll taxes, payroll
11 deductions, workers compensation costs, insurance premiums, welfare benefits, and retirement
12 benefits.

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

15 For the purposes of section 1 of this Act, the term, professional employer organization,

1 means a firm which:

- 2 (1) Creates a co-employer relationship with the employees of a client company by
- 3 assuming responsibility for payroll, benefits, and other human resources functions;
- 4 (2) Covers at least seventy-five percent of the client company's full-time or full-time
- 5 equivalent employees; and
- 6 (3) Maintains separate books and records of account for each client company.

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

9 The provisions of this Act do not apply to the providing of temporary help services or to any
10 other arrangement whereby a firm temporarily assigns employees of the firm to support or
11 supplement a client company's regular work force in special situations such as employee
12 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