

AN ACT

ENTITLED, An Act to change the unemployment insurance wage base and contribution rates and to assess interest on negative employer accounts under certain circumstances.

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

Section 1. That § 61-1-35 be amended to read as follows:

61-1-35. As used in this title, the term, wages, means remuneration paid in a calendar year to an employee by an employer or the employer's predecessor for employment during any calendar year. The term includes remuneration in addition to the wages defined in this section which are subject to a federal law imposing a tax against which credit may be taken for contributions required to be paid into a state unemployment fund.

The term, wages, does not include remuneration of more than:

- (1) Seven thousand dollars, from January 1, 1983, to December 31, 2006, inclusive;
- (2) Eight thousand five hundred dollars, from January 1, 2007 to December 31, 2007, inclusive;
- (3) Nine thousand dollars, from January 1, 2008, to December 31, 2008, inclusive;
- (4) Nine thousand five hundred dollars, from January 1, 2009, to December 31, 2009, inclusive; and
- (5) Ten thousand dollars, on and after January 1, 2010.

In this section, the term, employment, includes service constituting employment under any unemployment compensation law of another state.

Section 2. That § 61-5-18.14 be amended to read as follows:

61-5-18.14. The employer's reserve ratio for calendar year 1993 to calendar year 2006, inclusive, shall be the result obtained by dividing the balance of credits existing in the employer's experience-rating account by the total taxable payroll of the employer for the preceding three

calendar years.

Column "A" Contribution Rate	Column "B" Reserve Ratio
7.00%	Less than -7.00%
6.50%	-7.00% and Less than -6.50%
6.00%	-6.50% and Less than -6.00%
5.50%	-6.00% and Less than -5.50%
5.00%	-5.50% and Less than -5.00%
4.50%	-5.00% and Less than -4.50%
4.00%	-4.50% and Less than -4.00%
3.50%	-4.00% and Less than -3.50%
3.00%	-3.50% and Less than -3.00%
2.50%	-3.00% and Less than -2.50%
2.00%	-2.50% and Less than -2.00%
1.80%	-2.00% and Less than -1.50%
1.60%	-1.50% and Less than -1.00%
1.40%	-1.00% and Less than -0.50%
1.20%	-0.50% and Less than 0.00%
1.00%	0.00% and Less than 0.20%
0.90%	0.20% and Less than 0.40%
0.80%	0.40% and Less than 0.60%
0.70%	0.60% and Less than 0.80%
0.60%	0.80% and Less than 1.00%
0.50%	1.00% and Less than 1.20%
0.40%	1.20% and Less than 1.30%
0.30%	1.30% and Less than 1.40%
0.20%	1.40% and Less than 1.50%
0.10%	1.50% and Less than 1.60%
0.00%	1.60% and Over

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

Section 3. That chapter 61-5 be amended by adding thereto a NEW SECTION to read as follows:

The employer's reserve ratio for calendar year 2007 and thereafter shall be the result obtained by dividing the balance of credits existing in the employer's experience-rating account by the total taxable payroll of the employer for the preceding three calendar years.

Column "A"	Column "B"
Contribution Rate	Reserve Ratio
8.50%	Less than -7.00%
8.00%	-7.00% and Less than -6.50%
7.50%	-6.50% and Less than -6.00%
7.00%	-6.00% and Less than -5.50%
6.50%	-5.50% and Less than -5.00%
6.00%	-5.00% and Less than -4.50%
5.50%	-4.50% and Less than -4.00%
5.00%	-4.00% and Less than -3.50%
4.50%	-3.50% and Less than -3.00%
4.00%	-3.00% and Less than -2.50%
3.50%	-2.50% and Less than -2.00%
3.00%	-2.00% and Less than -1.50%
2.50%	-1.50% and Less than -1.00%
2.00%	-1.00% and Less than -0.50%
1.50%	-0.50% and Less than 0.00%
1.00%	0.00% and Less than 0.20%
0.90%	0.20% and Less than 0.40%
0.80%	0.40% and Less than 0.60%
0.70%	0.60% and Less than 0.80%
0.60%	0.80% and Less than 1.00%

0.50%	1.00% and Less than 1.20%
0.40%	1.20% and Less than 1.30%
0.30%	1.30% and Less than 1.40%
0.20%	1.40% and Less than 1.50%
0.10%	1.50% and Less than 1.60%
0.00%	1.60% and Over

Section 4. That chapter 61-5 be amended by adding thereto a NEW SECTION to read as follows:

Any employer whose experience rating account, as determined pursuant to § 61-5-18, has a negative reserve shall, in addition to the contribution rate, pay interest on the negative balance in the employer's experience rating account, excluding any negative balance existing on December 31, 2006. Following December 31, 2008, and each year thereafter, the department shall determine the interest due and owing on each negative balance account. Interest shall be owed only if the employer had a negative account balance on the computation date used for the annual interest calculation and a negative account balance on the ending date of each of the seven preceding calendar quarters. The interest rate shall be the average of the quarterly interest rates paid by the United States Treasury on unemployment insurance trust fund reserves in the calendar year ending on the interest calculation date. The interest rate so determined will be applied to the amount by which the negative account increased from December 31, 2006, or from the date the employer became subject to this title if later, to the computation date used for the interest calculation date for the year. Interest due and owing shall be paid in equal quarterly payments during the year following the computation date, with each payment due on the last day of each quarter. The computation date and experience rating account balance used to determine contribution rates shall be used in the application of this section. No payments may be credited to the experience rating account of the employer. The terms and conditions of this title which apply to the payment and collection of contributions also apply to the payment and collection of the negative account interest assessments.

Section 5. That § 61-5-23 be amended to read as follows:

61-5-23. If on the last day of any calendar quarter, the amount in the unemployment compensation fund, as established by § 61-4-1, including amounts receivable as federal reimbursements due the state for shareable benefit payments, is less than any amount appearing in Column A below, then all employers' rates shall be increased by the amount appearing in Column B opposite the lowest amount in Column A under which the fund has been reduced:

Column A	Column B
Balance in Fund	Rates
\$11,000,000	.1 %
10,500,000	.2 %
10,000,000	.3 %
9,500,000	.4 %
9,000,000	.5 %
8,500,000	.6 %
8,000,000	.7 %
7,500,000	.8 %
7,000,000	.9 %
6,500,000	1.0 %
6,000,000	1.25%
5,500,000	1.5 %

The increased contribution rates apply to taxable wages paid on and after the first day of the immediately following calendar quarter. The rates shall remain in effect until the balance in the unemployment fund on the last day of any quarter is equal to or greater than one hundred fifty percent of the highest amount appearing in Column A. The increased rate shall be one-tenth of one percent if the balance in the fund is one hundred percent or more but less than one hundred fifty percent of the highest amount appearing in Column A. However under no circumstances may any

employer be required to pay contributions at a rate including the adjustment percentage, of more than ten and one-half percent. However, the increased contribution rates do not apply to wages paid from July 1, 2006, to June 30, 2009, inclusive, unless the amount in the fund at the end of any quarter in that period is two million dollars or less.

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I certify that the attached Act originated in the

HOUSE as Bill No. 1027

Chief Clerk

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Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1027
File No. _____
Chapter No. _____

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Received at this Executive Office this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby approved this _____ day of _____ , A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,
ss.

Office of the Secretary of State

Filed _____ , 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State