

South Dakota Department of Labor
700 Governors Drive
Pierre, SD 57501
www.sdjobs.org

For Immediate Release: Friday, Feb. 19, 2010
Media Contact: Dawn Dovre, 605-773-3094

Advisory Council supports changes to unemployment tax system

PIERRE, S.D. – The Unemployment Insurance (UI) Advisory Council has unanimously voted in favor of SB186 after council discussion, questions and public testimony. The bill has its first hearing in the Senate State Affairs committee Friday.

The legislation will reduce the employer surcharge amount for 2010 and 2011, increase the wage base and create a new tax-rate table with higher rates for employers with negative account balances.

“The business and industry leaders came to the Department of Labor with suggestions,” said State Labor Secretary Pam Roberts. “Working together, we came up with some fixes everyone could agree on that are revenue neutral and will bring the Trust Fund balance back to solvency by the end of the year.”

The UI Trust Fund ended 2009 with a negative \$7.7 million balance. It paid out an all-time high of \$65 million in benefits for the year. DOL projects \$65 million will again be paid out in benefits during 2010.

The Council also supports HB1018, which it offered to receive \$11.7 million for the Trust Fund in federal stimulus funding through UI Modernization Incentives. The bill seeks to expand benefits for an additional 26 weeks to workers attending state-approved training and has its first hearing in the House Commerce committee Friday.

“Both HB1018 and SB186 will provide much-needed funds to the Trust Fund,” said Secretary Roberts. “However, the Council will still be carefully studying the unemployment system throughout 2010 to bring further recommendations to the 2011 Legislature.”

The Unemployment Insurance Advisory Council is established by SDCL 61-2-7.1. The task of the advisory group is to review the unemployment insurance program for content, adequacy and effectiveness and to recommend improvements. More information is available at www.sdjobs.org