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## South Dakota Employers to Save \$18 Million

PIERRE, S.D. – 30,000 South Dakota employers will see an estimated \$18 million in savings from their reemployment assistance taxes thanks to legislation Governor Noem signed into law last session that cut contribution rates by 0.5%. Employers will begin to receive their 2024 reemployment assistance tax rate notices on Oct. 31.

“I’m proud to say this was the first bill that I signed into law last session,” said **Governor Kristi Noem**. “New businesses choosing to call our state home, combined with our already thriving South Dakota businesses made unemployment reserves stronger than ever. Now, we’re putting money back in the pockets of hardworking South Dakota business owners.”

[HB 1011](#) made adjustments to maintain a healthy Trust Fund balance while not overburdening employers by collecting more contributions than needed. It also included mechanisms to prevent the Trust Fund from going insolvent.

“Businesses are thriving, so our unemployment reserves are stronger than ever,” said **state Labor and Regulation Secretary Marcia Hultman**. “The new tax schedule is responsive to the ups and downs of the economy to prevent the balance from being overfunded and also from going broke.”

The Department of Labor and Regulation and the Reemployment Assistance Advisory Council drafted legislation in 2016 using an average high-cost multiplier (AHCM) to assess the solvency of the Unemployment Insurance Trust Fund.

An AHCM of 1.0 means enough funds exist to cover a full year of benefits during a recession. Since then, employer tax rates have been based on the AHCM of the fund at the end of each fiscal year.

HB 1011 created a new tax schedule to reduce employer contribution rates by 0.5% when the balance in the Trust Fund at the end of the fiscal year is at or above an AHCM of 1.5.

The bill also adjusted the trigger point for a surcharge – this is an additional tax imposed when the balance of the fund drops below \$11 million. The surcharge trigger will no longer be tied to a dollar amount but to an AHCM ratio.

“Additionally, employers will receive credit for any surcharge tax payments they are required to make,” said **Secretary Hultman**. “Previously, when the surcharge kicked in, employers were paying more but received no credit to their accounts. This had been a long, ongoing concern for employers.”

The reemployment assistance program (previously known as unemployment insurance) provides temporary financial assistance to workers who have lost their jobs through no fault of their own until they find other employment for a maximum of 26 weeks. This program is financed by employers through payroll taxes. Workers do not contribute to this plan.