

South Dakota Governor State of the State Address Provides Unemployment and Sales Tax Relief

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On 10 January 2023, South Dakota Governor Kristi Noem (R) delivered her 2023 State of the State [address](#), calling for a reduction to the state's employer tax contribution rates and an elimination of its sales taxes on groceries.

The governor indicated that the South Dakota Department of Labor and Regulation drafted a bill to reduce employer contribution rates to the state's unemployment trust fund. The legislation would serve as an unemployment tax cut "bringing an estimated USD 18 million savings to South Dakota businesses over the next couple of years," the governor said. The bill ([H.B. 1011](#)) was referred to the state's Committee on Commerce and Energy the following day. The Department has reported that employer contributions to the trust fund increased in 2022 to approximately USD 39 million, from roughly USD 31 million in 2021.

The governor also repeated her call to end the state's 4.5 percent sales tax on groceries, which she originally [announced](#) in September 2022 as part of her re-election campaign and further outlined in her fiscal 2023–2024 budget [address](#) on 6 December 2022. A bill ([S.B. 117](#)) was originally introduced in 2022 that would have provided an exemption for the sale of food and food ingredients, which died in the Senate after being amended in the House. [According](#) to the state Department of Revenue, South Dakota taxable sales reported from food stores totalled roughly USD 1.8 billion in fiscal 2022, with South Dakota's reliance on sales tax revenue may see continued pushback in the legislature.