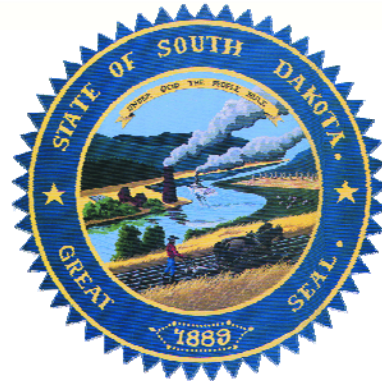


Governor's Council of Economic Advisors

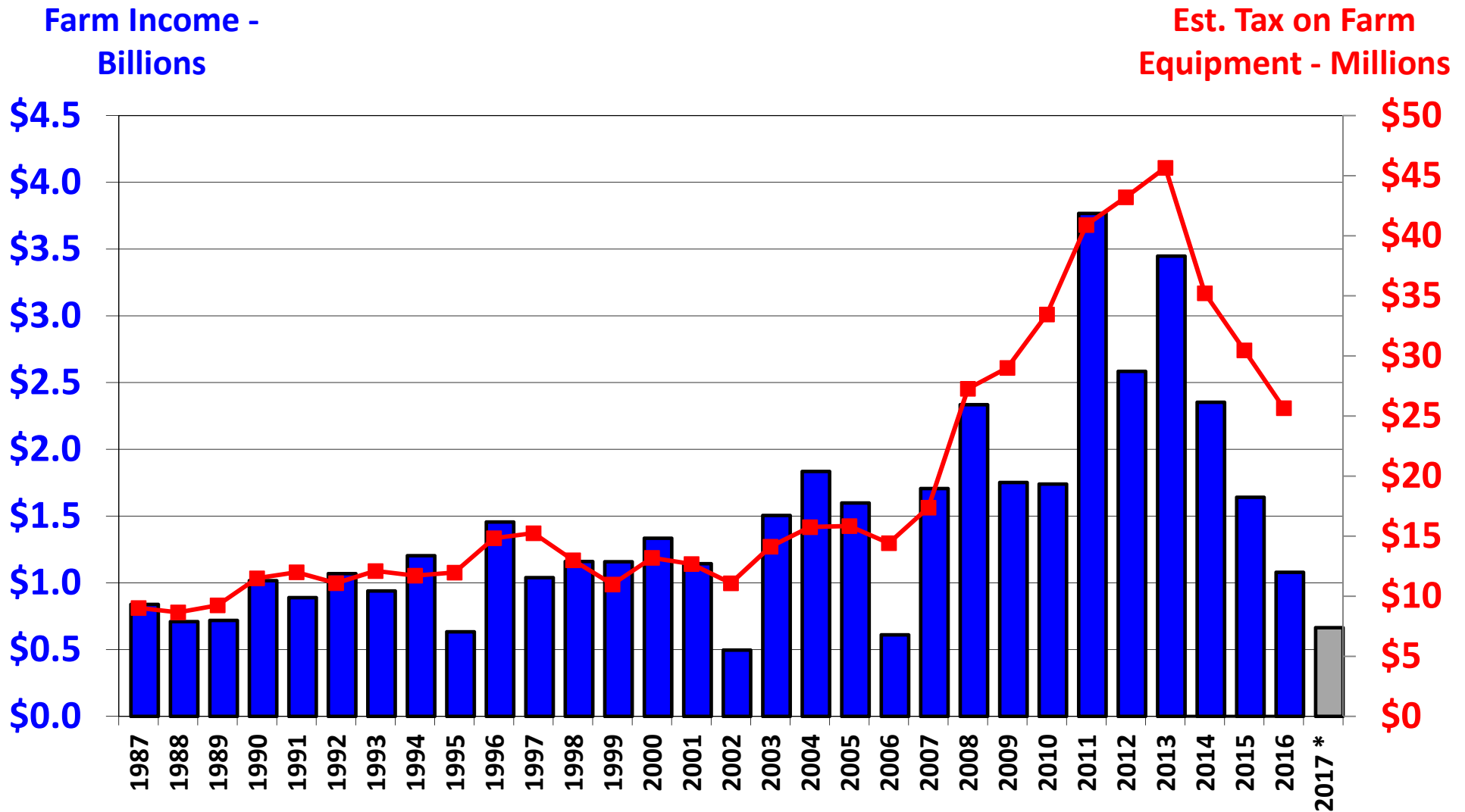


January 30, 2018

IHS Markit Economic Forecast for South Dakota Key Indicators (November '17)

	2015	2016	2017 f	2018 f	2019 f	'07-'16 avg.
SD Real GDP Growth	2.6%	1.7%	<i>1.3%</i>	<i>3.6%</i>	<i>3.0%</i>	2.2%
SD Nonfarm Employment	1.1%	1.1%	<i>1.0%</i>	<i>0.9%</i>	<i>1.0%</i>	0.8%
SD Nonfarm Income	6.5%	2.7%	<i>2.5%</i>	<i>4.4%</i>	<i>5.1%</i>	4.8%
SD Housing Starts	4,090	5,590	<i>4,420</i>	<i>4,880</i>	<i>5,140</i>	4,190
SD Unempl. Rate	3.1%	2.8%	<i>3.1%</i>	<i>3.1%</i>	<i>3.1%</i>	3.7%

Sharp Decline in Farm Income: Less Spending on Equipment



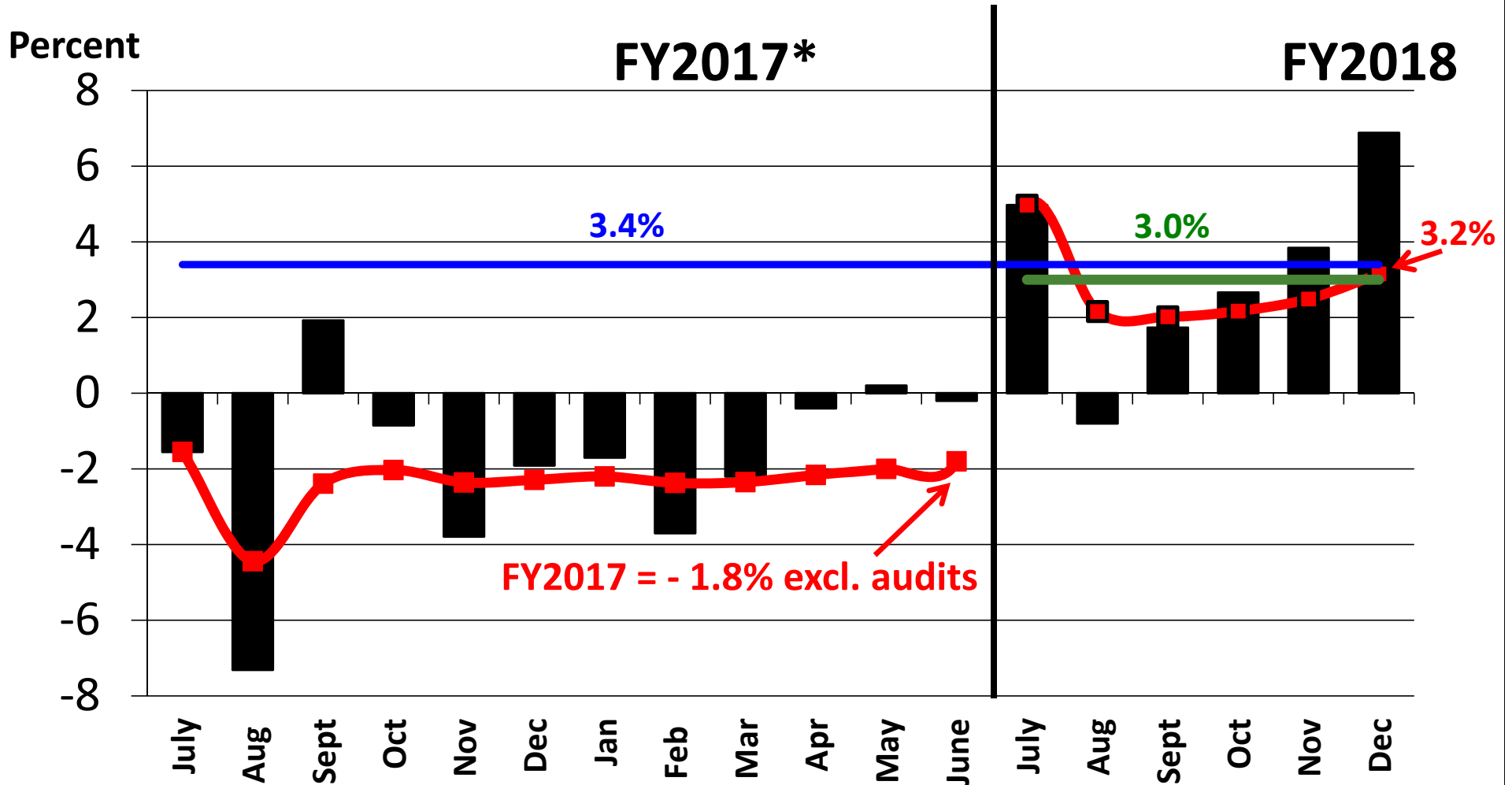
Source: BEA and SD Dept. of Revenue

Growth Rates of Key Revenue Sources



Recent Sales & Use Tax Growth Rates

Blue = FY09-FY17 Average Red = Running YTD FY17/FY18 Growth
 Black = Monthly Growth Rates Green = Growth of Revised FY18 Est.



Source: SD Bureau of Finance and Management
 *Excludes Rate Increase

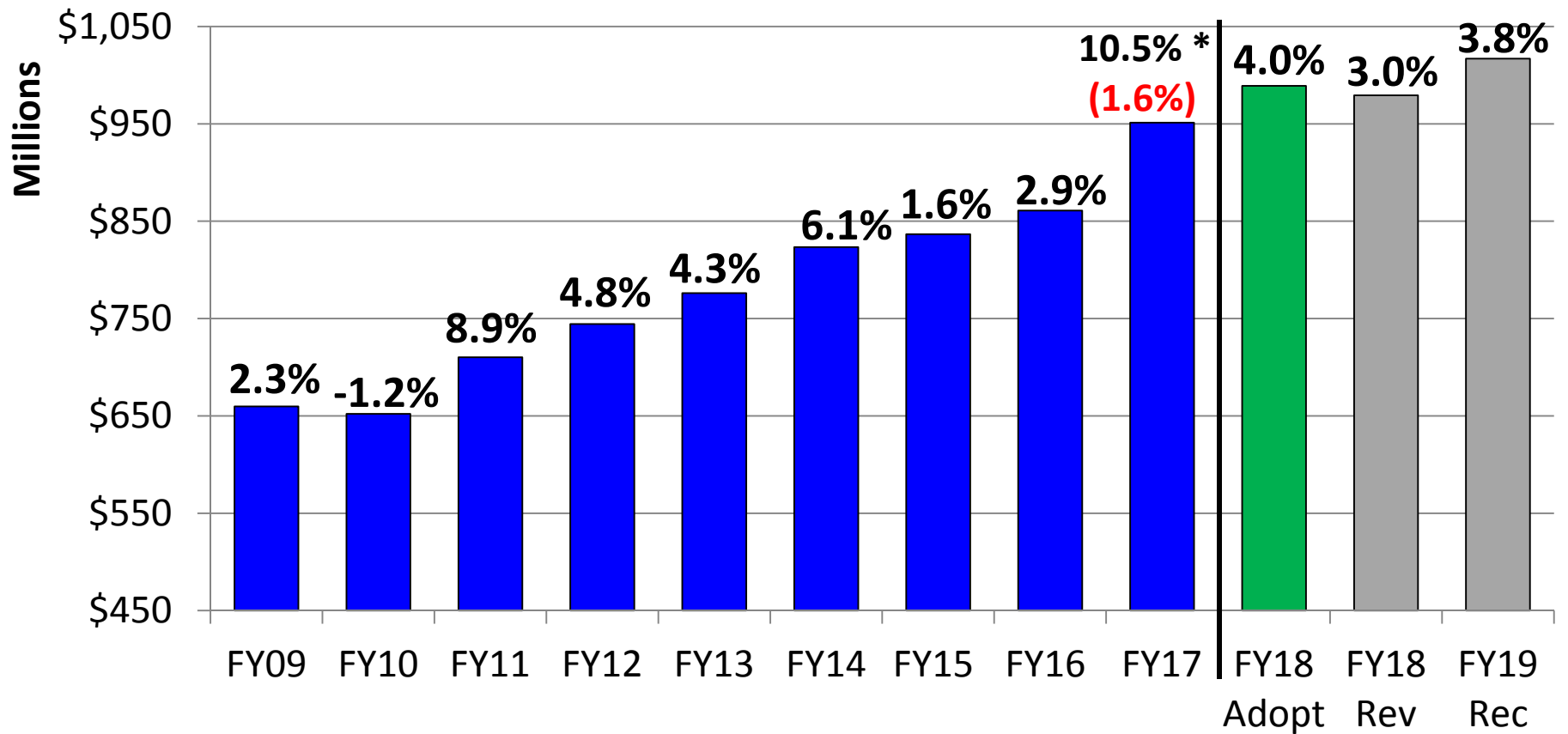
FY2017 vs. FY2018 Taxable Sales Growth through December

Taxable Sales by Major Group Comparison				Average
(in millions)				Growth from
Top 15 Major Groups (82% of total)	FY17	FY18	% Chg	FY09-FY17
Misc. Retail *	\$1,051.7	\$1,190.1	13.2%	1.8%
General Merchandise Stores	\$1,160.0	\$1,168.8	0.8%	3.5%
Food Stores	\$799.2	\$798.2	-0.1%	1.8%
Building Materials & Garden Supplies	\$801.5	\$784.4	-2.1%	3.6%
Eating & Drinking Places	\$768.6	\$782.1	1.7%	3.8%
Electric, Gas, & Sanitary Services	\$677.3	\$697.3	2.9%	1.0%
Wholesale Trade - Durable Goods	\$608.3	\$609.8	0.2%	1.1%
Auto Dealers/Service Stations	\$511.9	\$516.9	1.0%	3.5%
Communications	\$601.2	\$598.0	-0.5%	3.3%
Business Services	\$505.1	\$521.6	3.3%	4.2%
Furniture & Homefurnishing Stores	\$313.4	\$318.0	1.5%	0.8%
Auto Repair, Services, & Parking	\$266.1	\$281.4	5.8%	4.7%
Engineering & Management Services	\$252.1	\$259.5	2.9%	4.7%
Apparel & Accessory Stores	\$207.3	\$220.8	6.5%	4.0%
Hotels & Other Lodging Places	\$393.6	\$401.6	2.0%	5.5%
Total of Top 15 Major Groups	\$8,917.4	\$9,148.5	2.6%	2.8%
Remaining Groups	\$1,891.0	\$1,987.9	5.1%	3.7%
Total Taxable Sales	\$10,808.4	\$11,136.4	3.0%	3.0%

Source: SD Dept. of Revenue

Sales and Use Tax Receipts

Sales and Use Tax Collections to General Fund



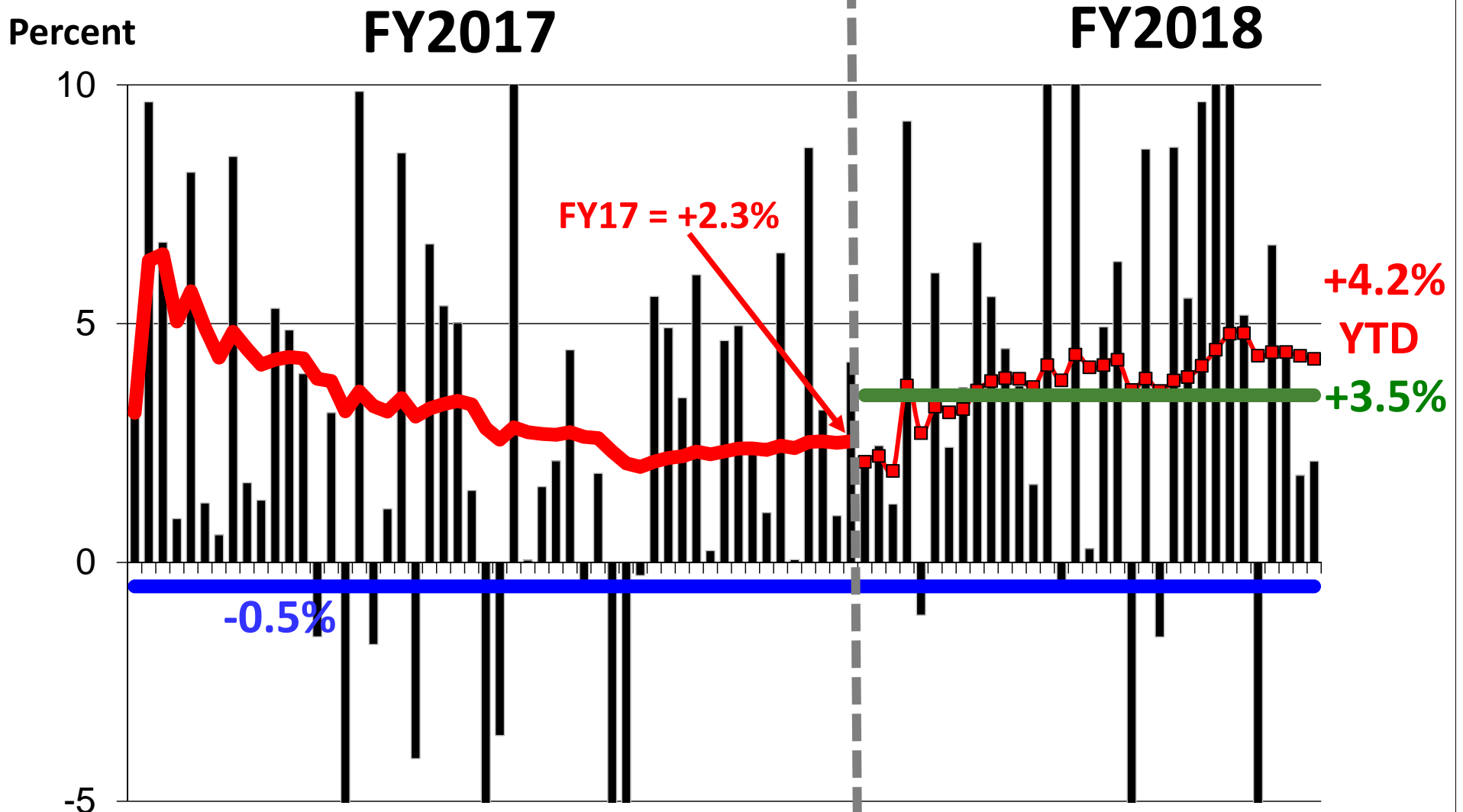
Source: SD Bureau of Finance and Management

* Includes 0.5% rate increase

Growth Rate for Video Lottery

7% of Total

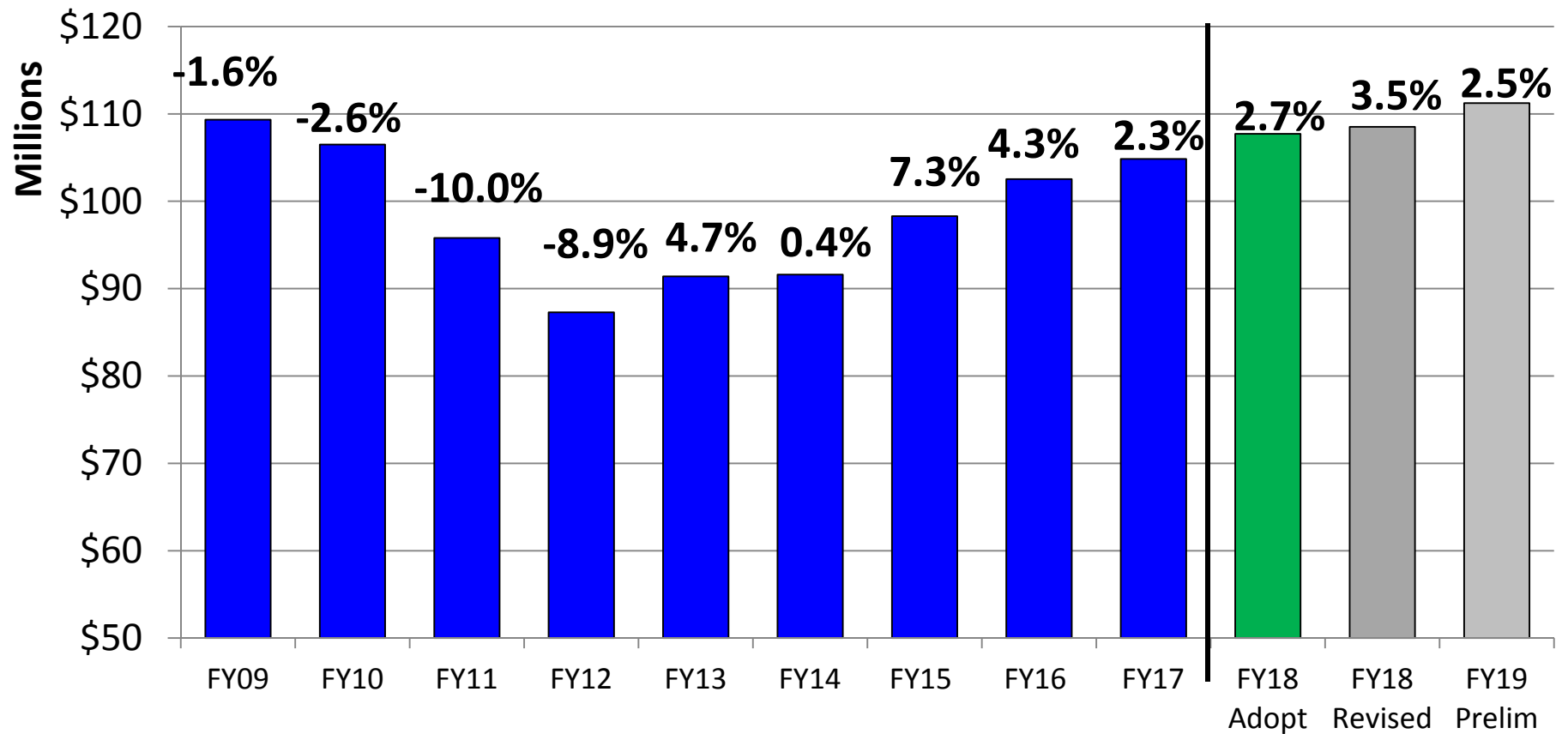
Blue = FY09-FY17 Avg. Red = FY17 YTD Growth/FY18 YTD Growth
Black = Weekly Growth Rates Green = Growth of Revised FY18 Est.



Source: SD Department of Revenue/Bureau of Finance and Management

Video Lottery Receipts

Video Lottery Collections to General Fund

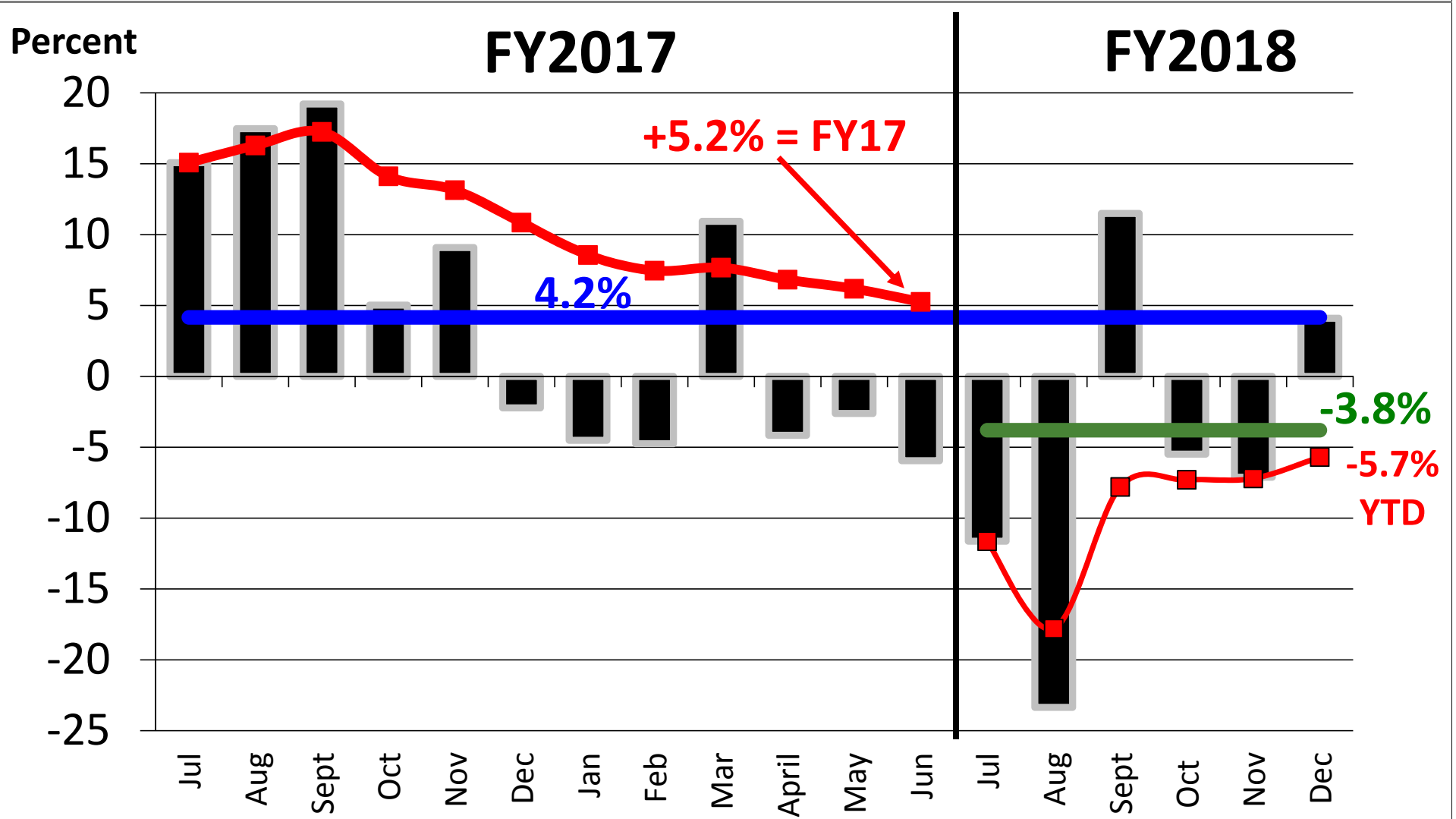


Source: SD Bureau of Finance and Management

Recent Growth Rates for Net CET

7% of Total

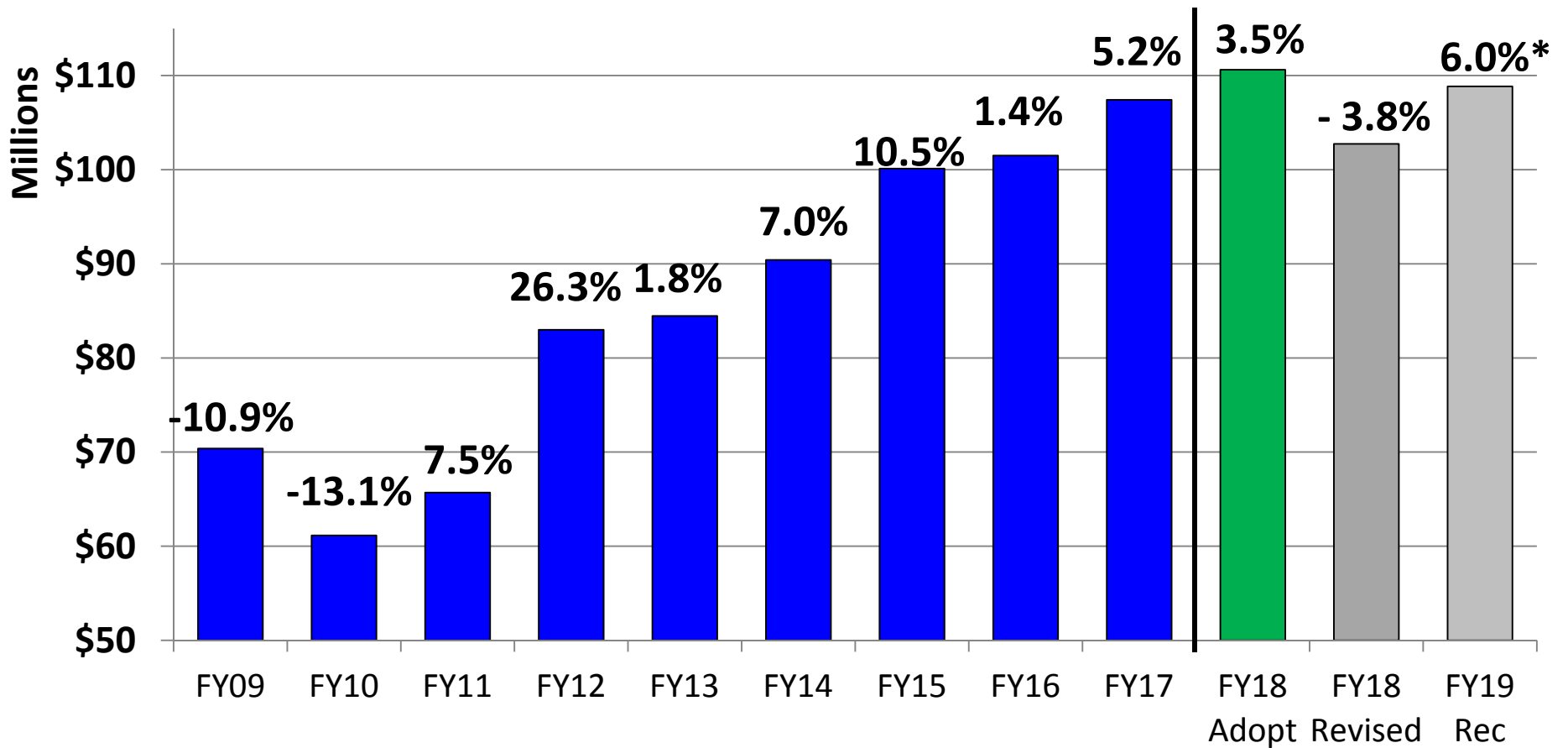
Blue = FY09-FY17 Average Red = FY17/FY18 YTD Growth
 Black = Monthly Growth Rates Green = Growth of Revised FY18 Est.



Source: SD Bureau of Finance and Management

Contractor's Excise Tax

CET Collections to General Fund



Source: SD Bureau of Finance and Management

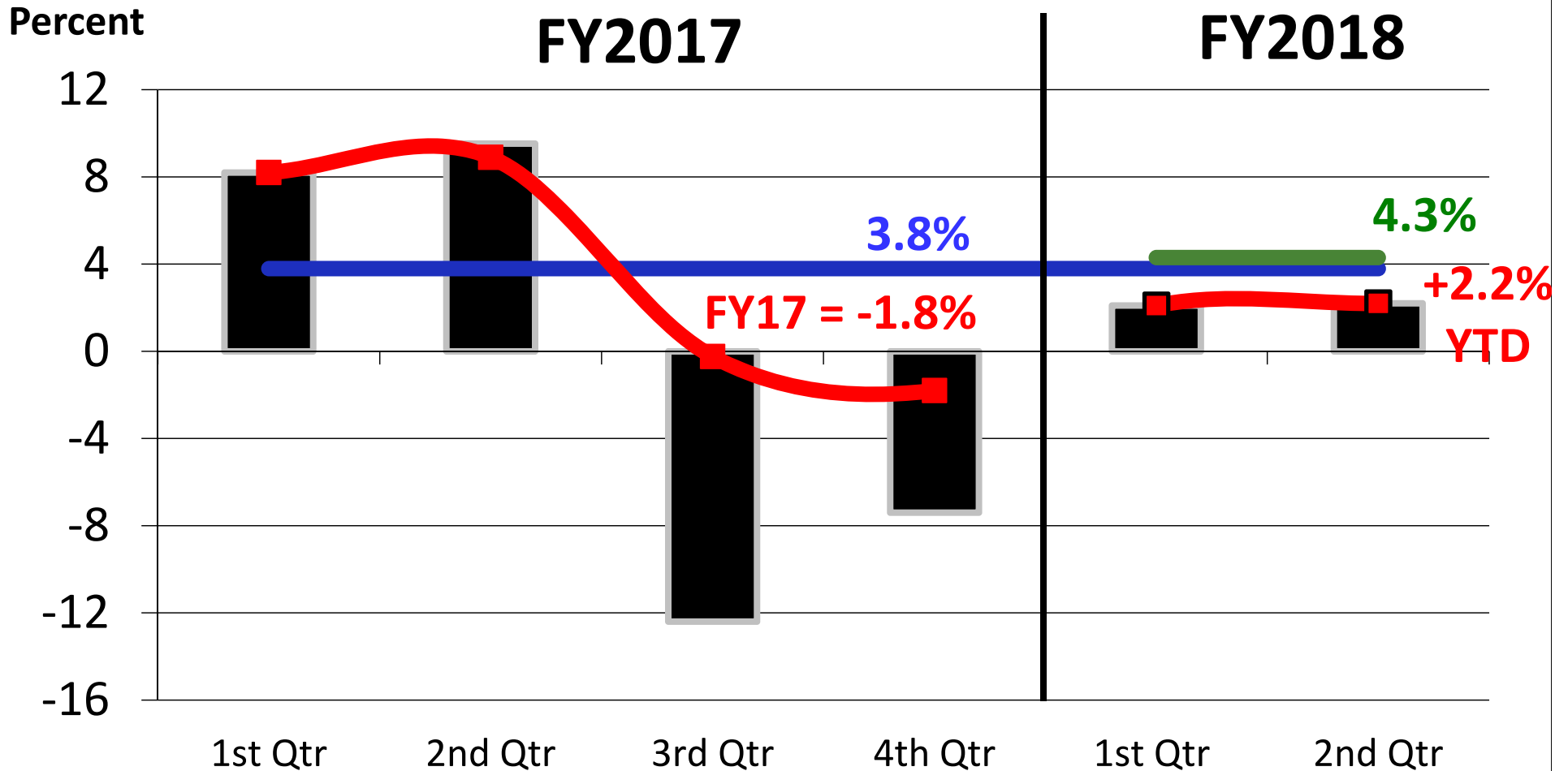
*Includes changes to Building SD program

Growth Rates for Insurance Company Tax

5% of Total

Blue = FY09-FY17 Average Red = FY17/FY18 YTD Growth

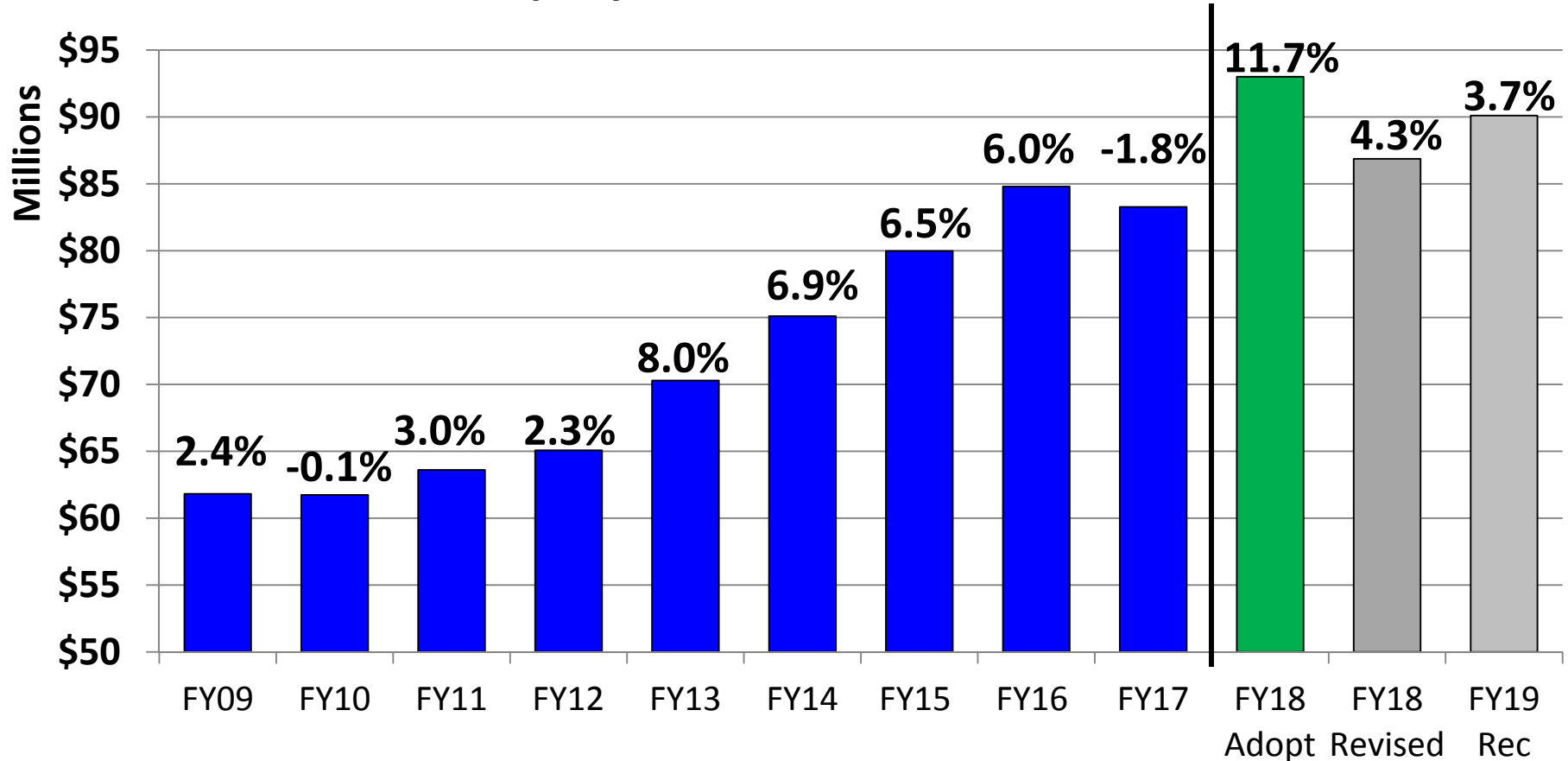
Black = Quarterly Growth Rates Green = Growth of Revised FY18 Est.



Source: SD Bureau of Finance and Management

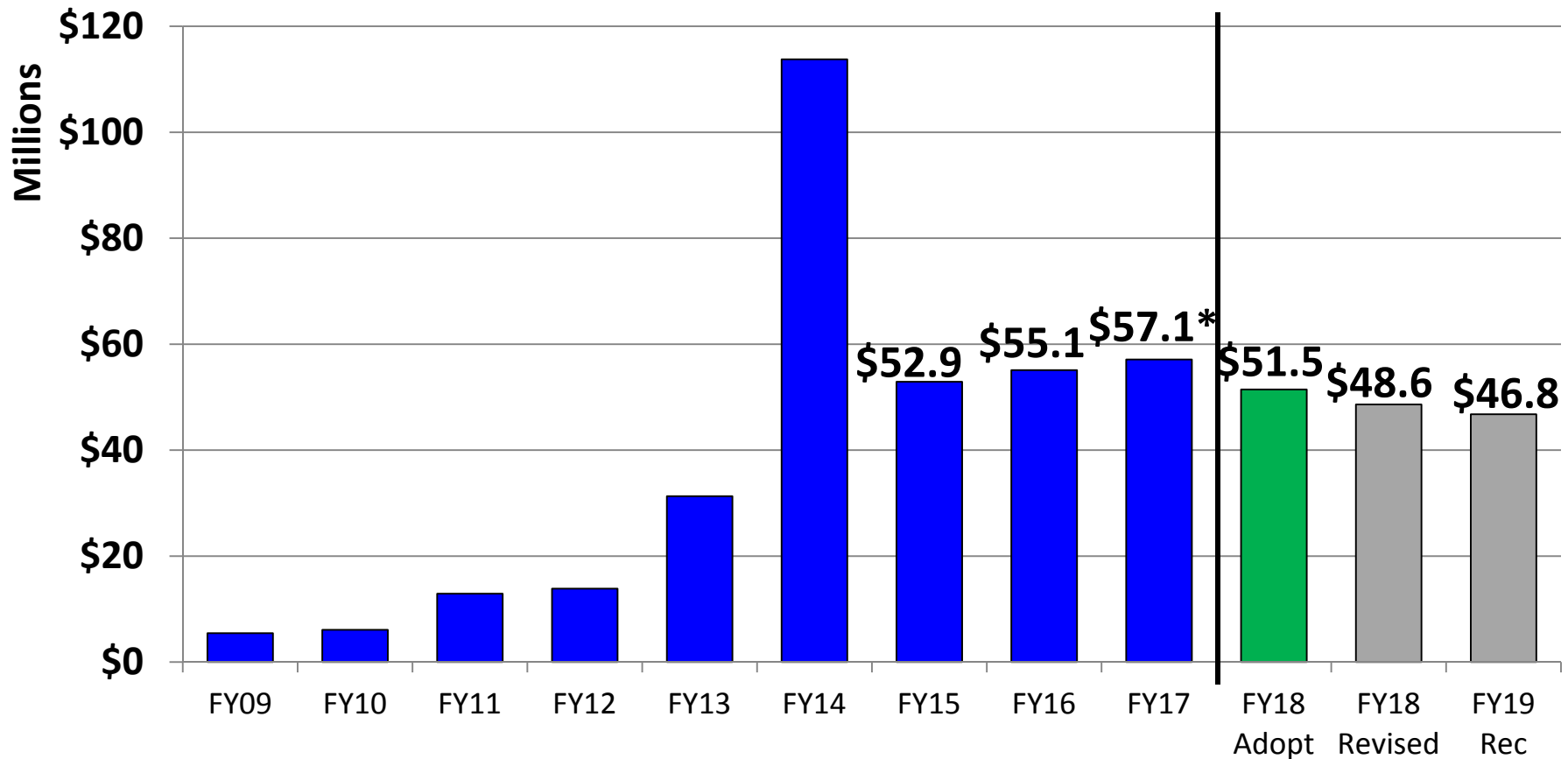
Insurance Company Tax

Insurance Company Tax Collections to General Fund



Unclaimed Property Receipts

Unclaimed Property Net Receipts to General Fund



*Includes \$12.7 M of stock/security sales (one-time)

Other Discussion

- Agriculture Outlook for 2018
- Tourism Outlook
- Geographical Areas