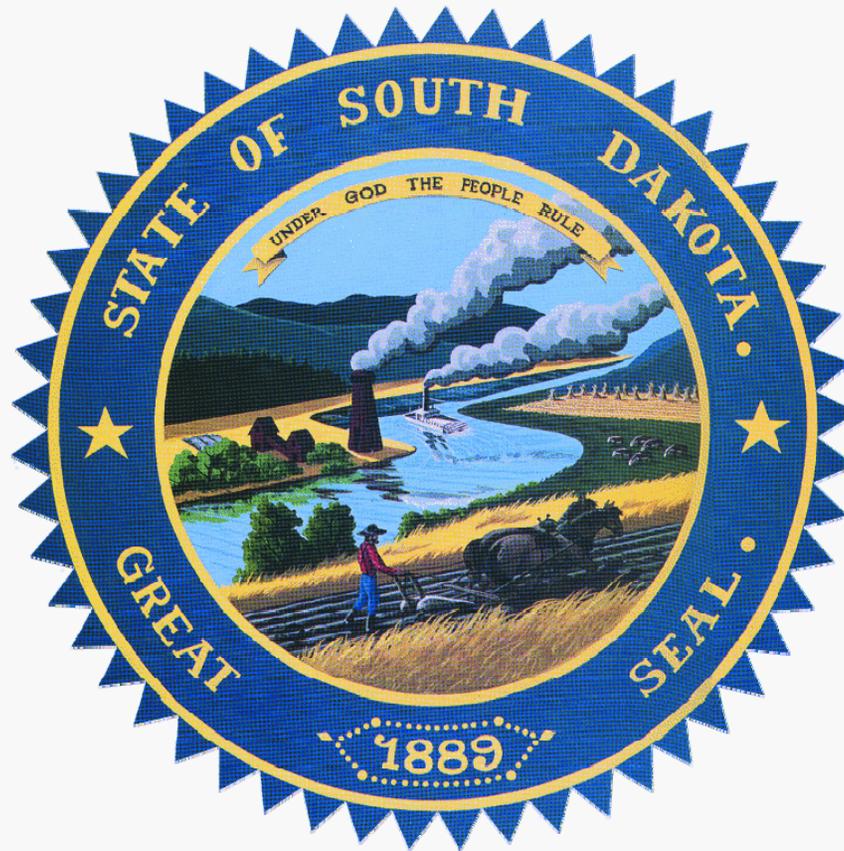


Governor's Council of Economic Advisors



September 3, 2015

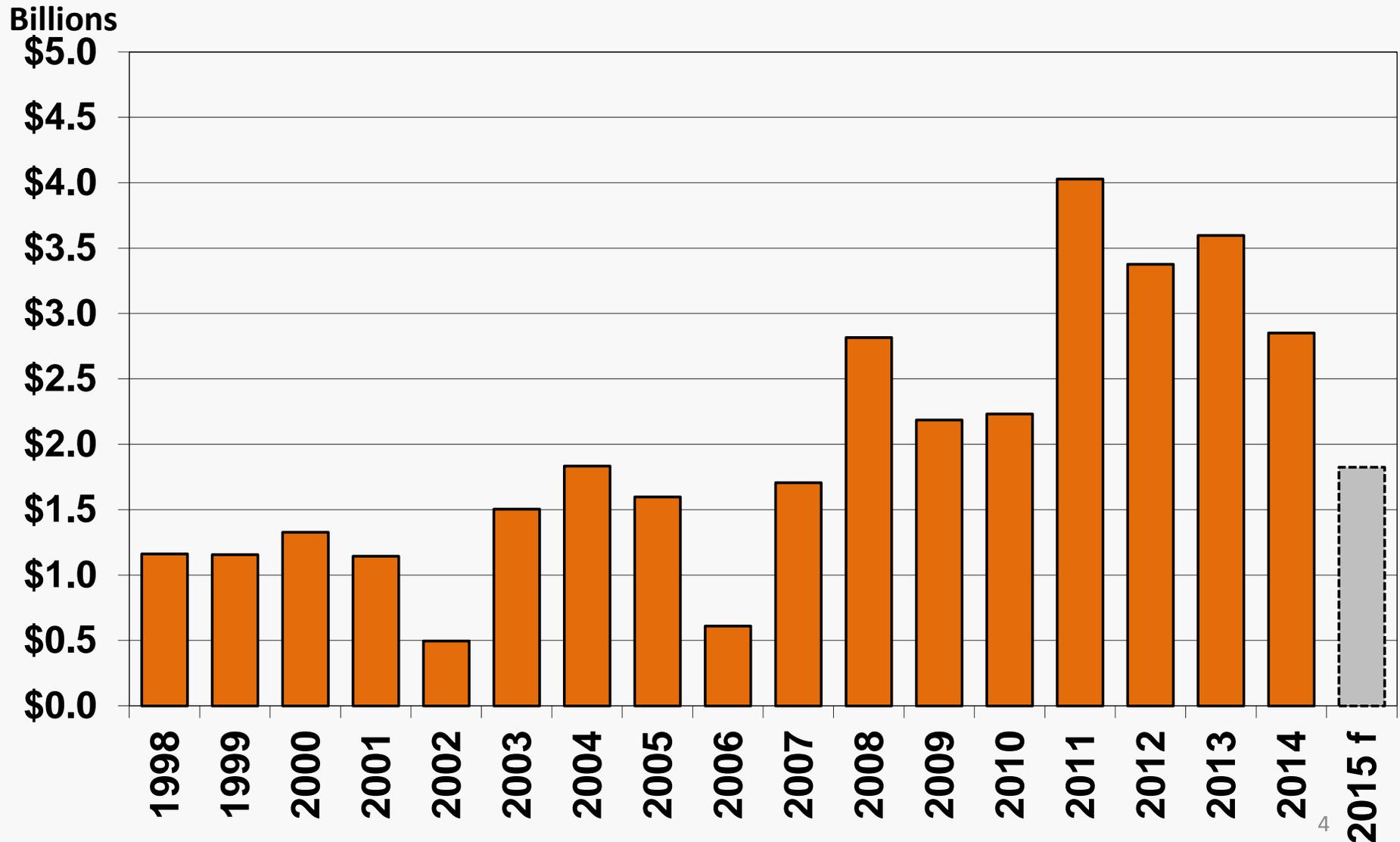
How the General Fund Ended FY2015

Source	(millions)
FY2015 Revised Bottom Line:	\$0.0
Changes to Revised budgeted levels:	
Contractor's Excise Tax	\$4.2
Insurance Company Tax	\$2.5
Licenses, Permits, Fees	\$2.1
Unclaimed Property	(\$2.1)
Remaining Ongoing Revenue	\$0.9
One-Time Receipts	<u>\$2.4</u>
Total Change to Revenue:	\$10.0
Budgeted GF Reversions (Lower Expenses):	<u>\$11.5</u>
Total Cash Surplus to Budget Reserve Fund:	\$21.5

IHS Economics Most Recent Forecast for SD

	2012	2013	2014	2015 f	2016 f	2017 f	'05-'14 avg.
SD real GDP	-0.9%	0.9%	0.6%	1.6%	3.1%	2.7%	1.9%
SD NF Employment	1.7%	0.8%	1.4%	2.0%	2.1%	1.7%	1.0%
SD NF Income	6.6%	1.7%	3.9%	4.1%	5.1%	5.8%	4.6%
SD Housing Starts	4,160	5,180	4,580	4,500	5,130	5,200	4,270
SD Unempl. Rate	4.2%	3.8%	3.4%	3.5%	3.1%	3.0%	3.9%

Lower SD Farm Income Anticipated in 2015



Growth Rates of Key Revenue Sources



60% of Total

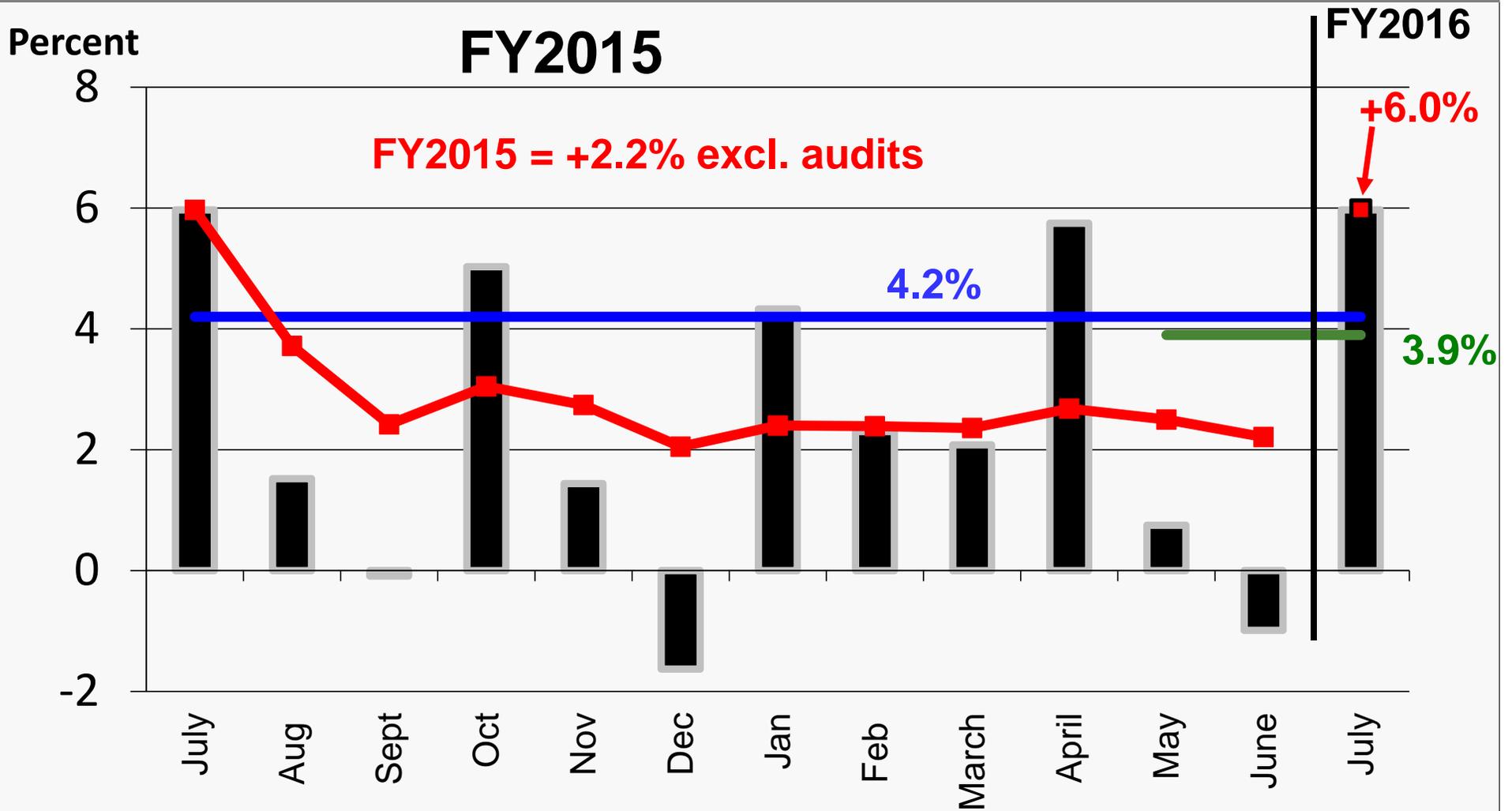
Growth Rates for Sales Tax Collections

Blue = FY07-FY15 Average

Red = Running YTD FY15/FY16 Growth

Black = Monthly Growth Rates

Green = Growth for Leg. Adopted FY16 Est.



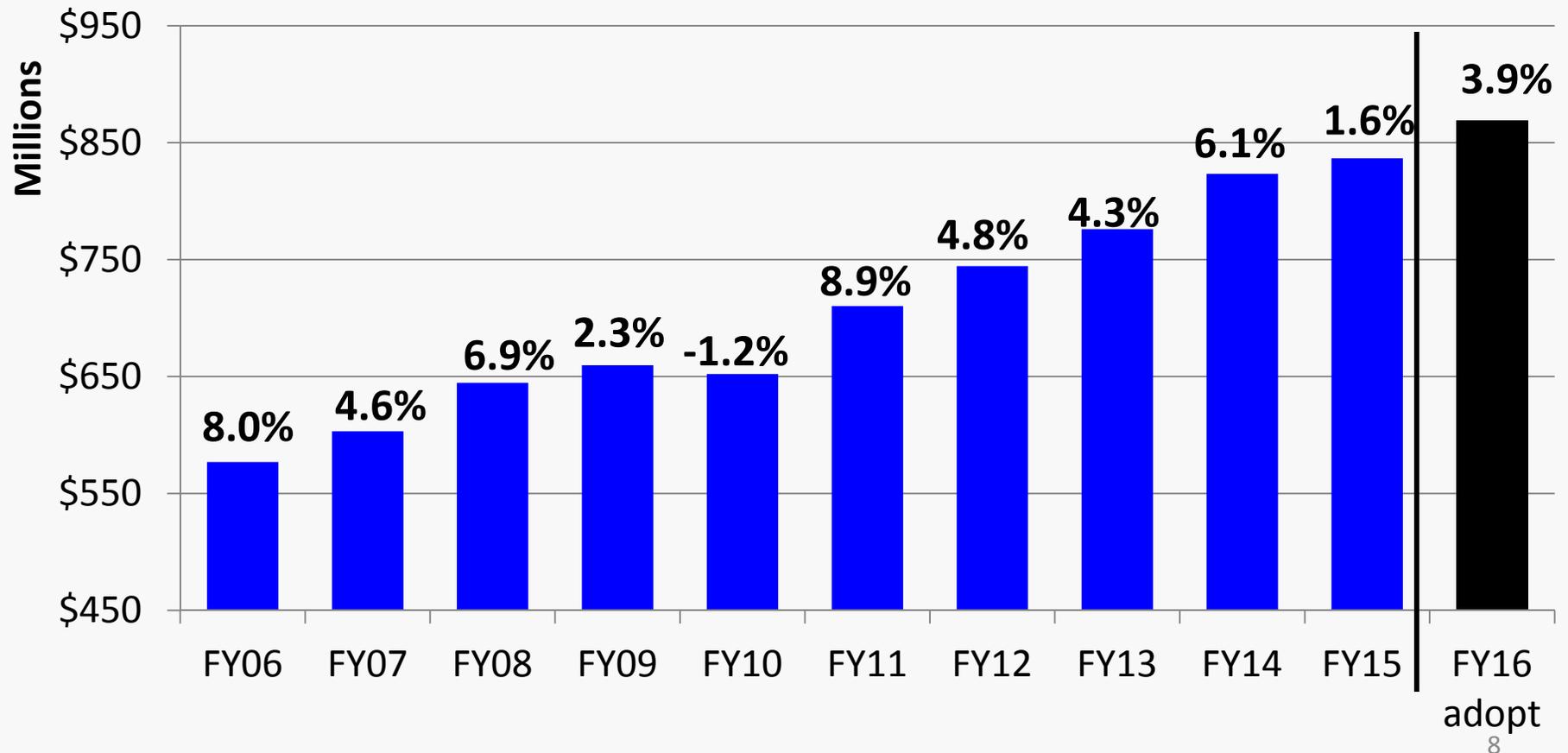
FY2015 Taxable Sales Growth by Major Group

Taxable Sales by Major Group Comparison				Average Growth from FY05-FY15
<u>Top 10 Major Groups (71% of total)</u>	<u>FY14</u>	<u>FY15</u>	<u>% Chg</u>	<u>FY05-FY15</u>
Misc. Retail	2,471,821,376	2,317,944,084	-6.2%	4.1%
General Merchandise Stores	2,137,326,611	2,226,812,090	4.2%	4.5%
Food Stores	1,507,763,927	1,521,516,035	0.9%	2.6%
Building Materials & Garden Supplies	1,319,258,677	1,448,559,712	9.8%	4.0%
Eating & Drinking Places	1,269,669,104	1,365,644,357	7.6%	4.3%
Electric, Gas, & Sanitary Services	1,495,050,791	1,430,271,192	-4.3%	4.8%
Wholesale Trade - Durable Goods	1,183,182,754	1,286,213,705	8.7%	4.7%
Auto Dealers/Service Stations	932,221,286	1,013,552,641	8.7%	4.9%
Communications	1,086,231,447	1,167,182,205	7.5%	4.7%
Hotels&Lodging/Bus Services/Furnishings/Other	873,624,076	950,647,503	8.8%	4.7%
Total of Top 10 Major Groups	14,276,150,049	14,728,343,524	3.2%	4.3%
Remaining Groups	5,702,240,614	5,870,563,984	3.0%	4.5%
Total Taxable Sales	19,978,390,663	20,598,907,508	3.1%	4.3%

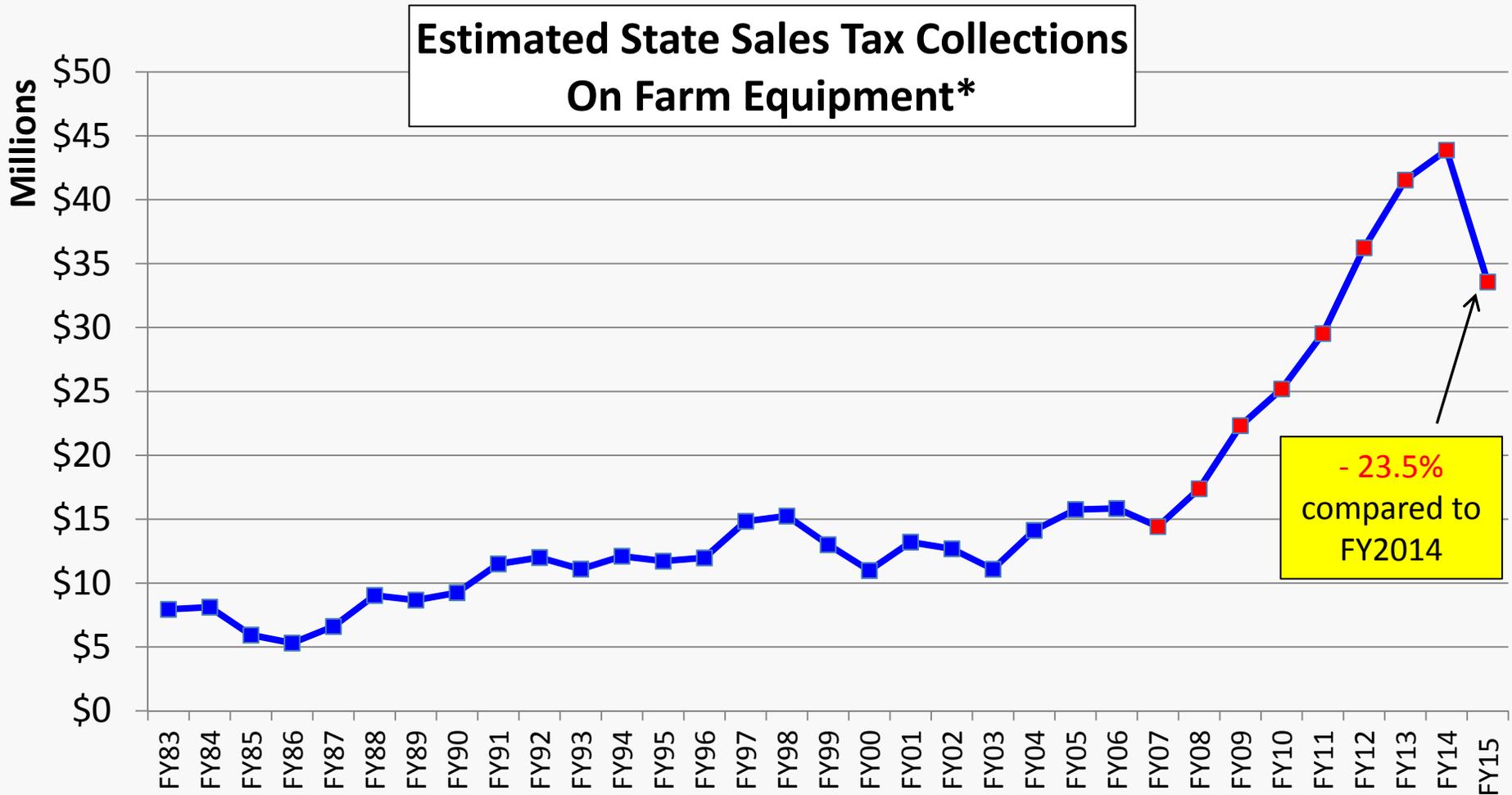
Sales and Use Tax Receipts

Sales and Use Tax Collections to General Fund

March '15
Adopt. Forecast

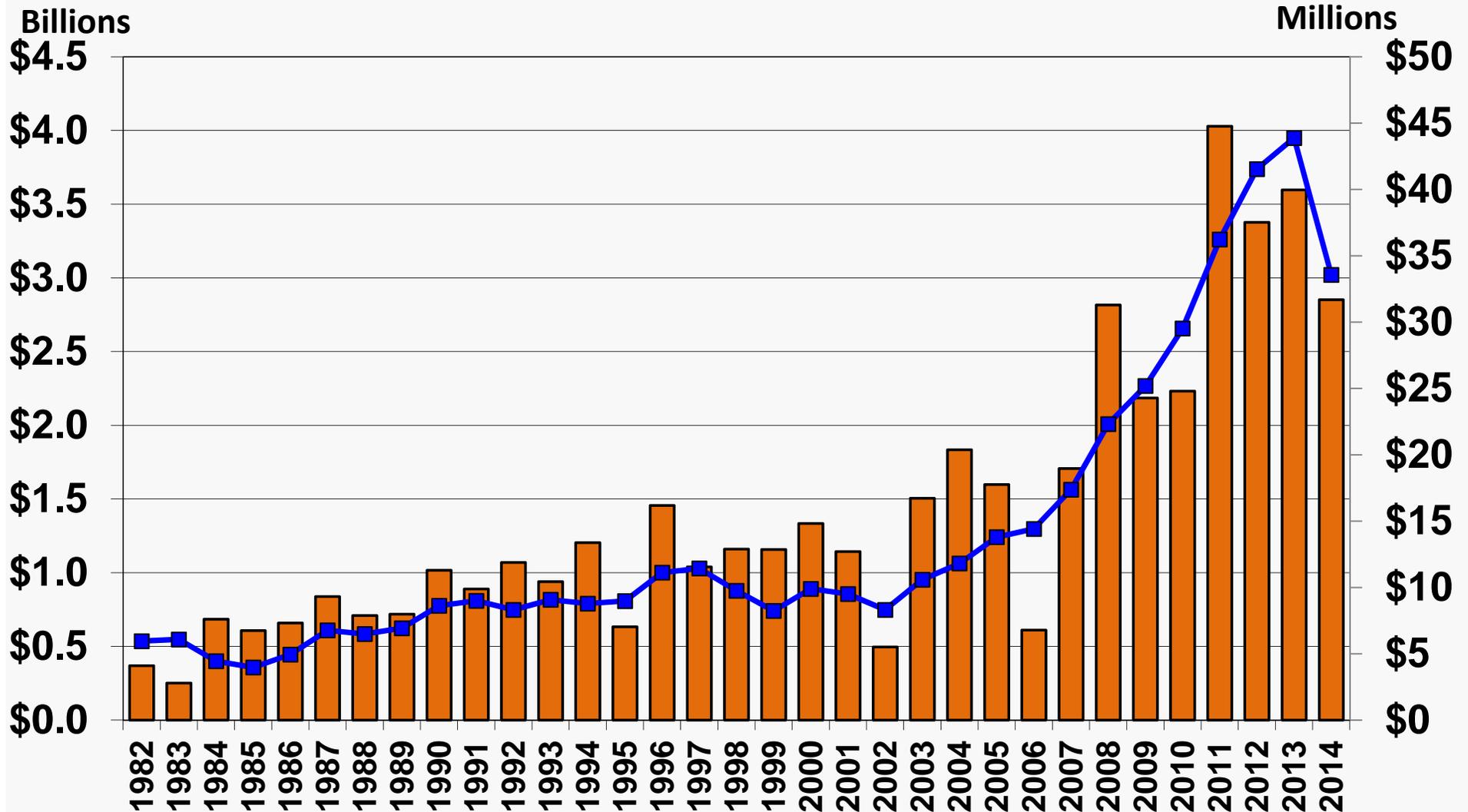


Ag Economy Impact on the Sales Tax: FY2015 collections sharply lower



* Prior to 1-1-06, the collections were converted to 4% rate as the rate changed from 3% to 4% on 1-1-06

SD Farm Income and Equipment Tax Collections are highly correlated

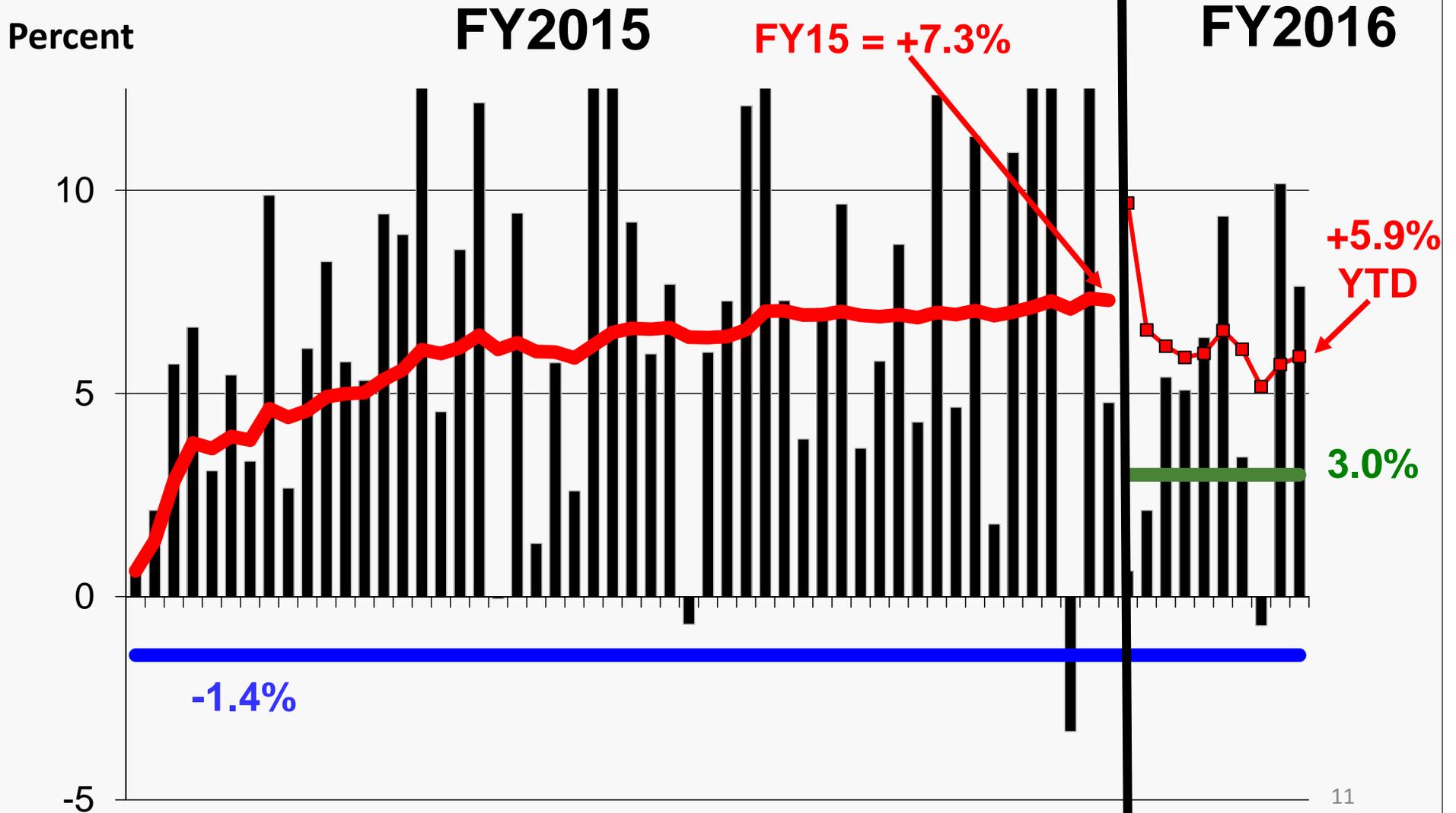


Growth Rate for Video Lottery

7% of Total

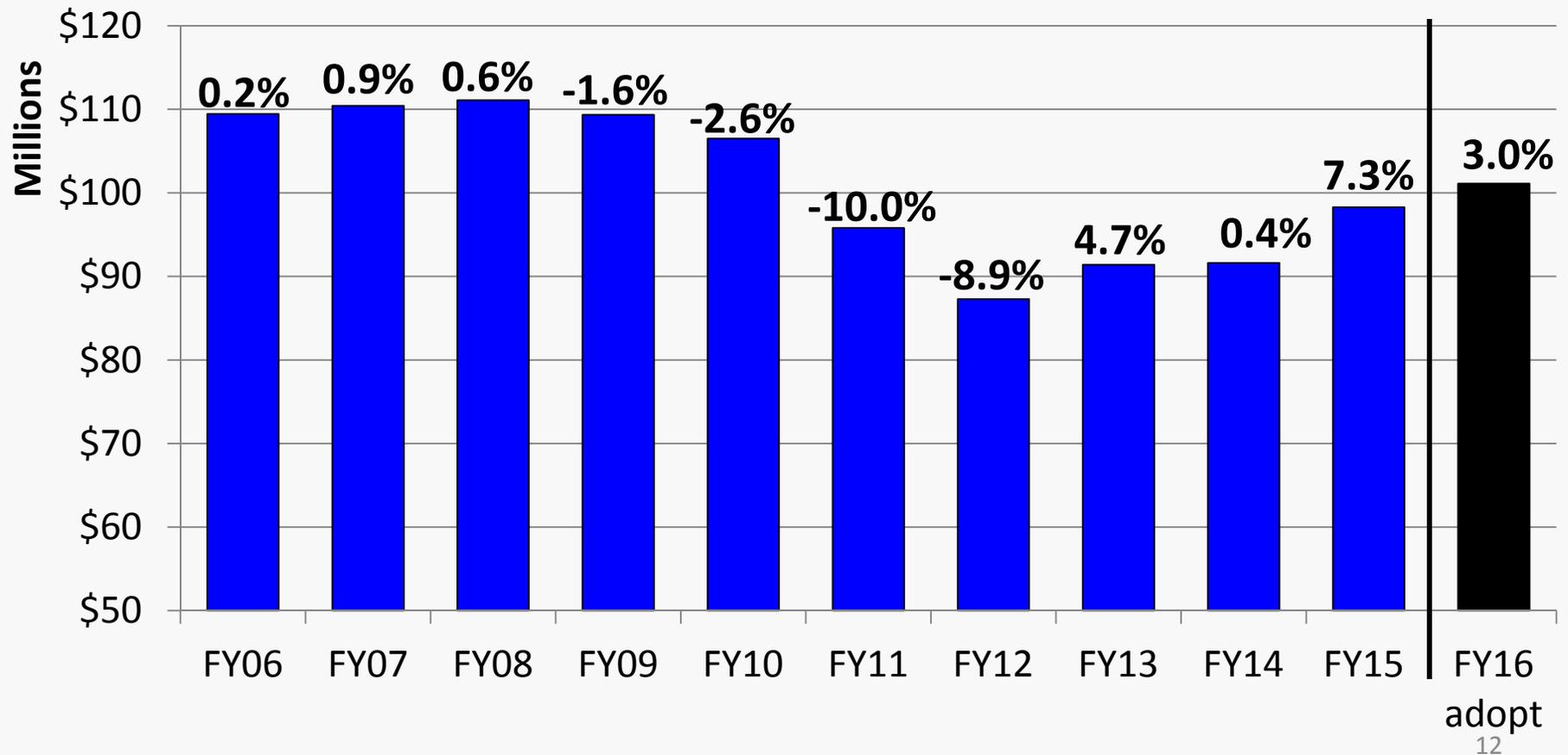
Blue = FY08-FY15 Avg. Red = FY15 YTD Growth/FY16 YTD Growth

Black = Weekly Growth Rates Green = Growth of Leg. Adopt FY16 Est.



Video Lottery Receipts

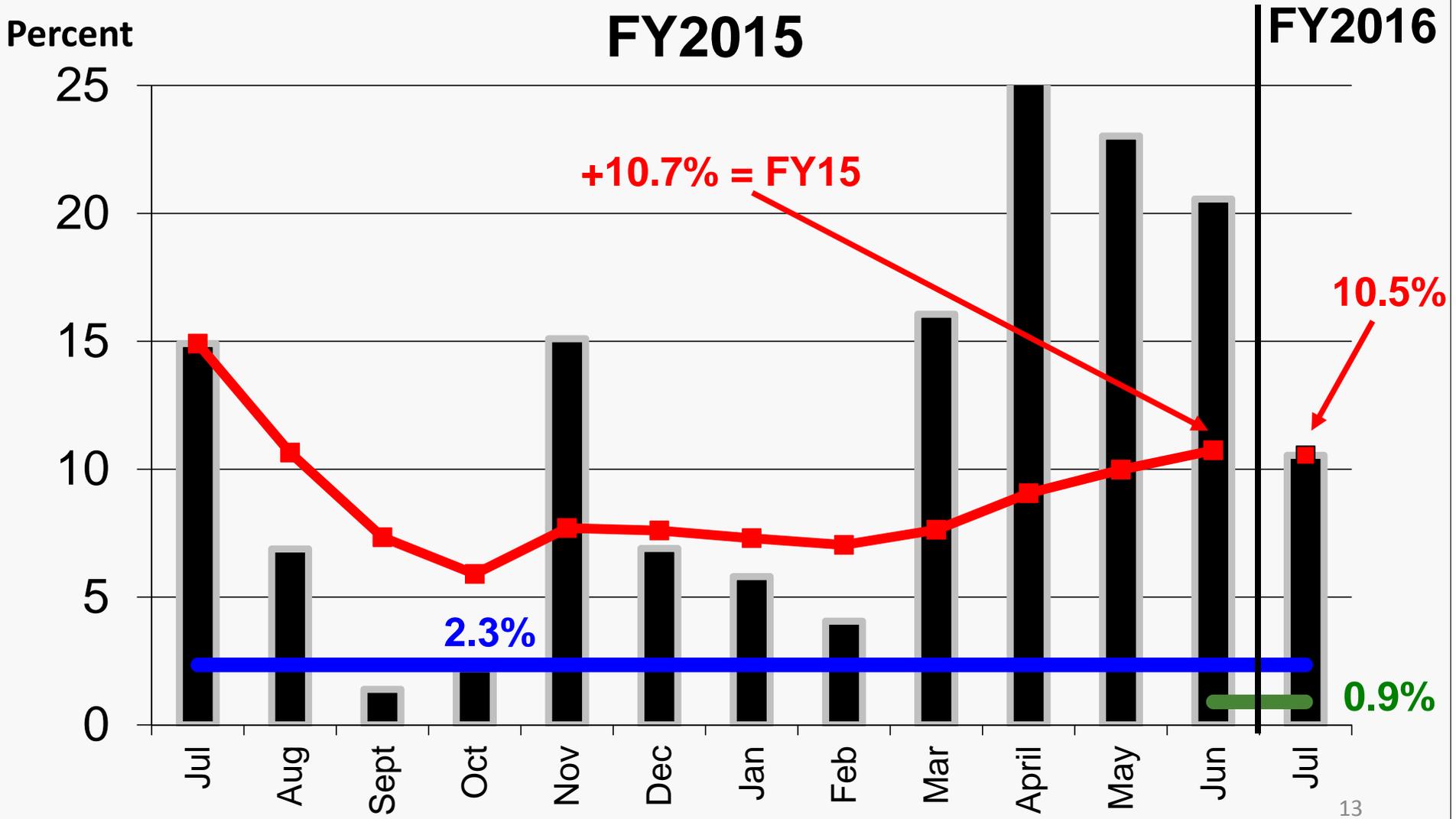
Video Lottery Collections to General Fund



Recent Growth Rates for Net CET

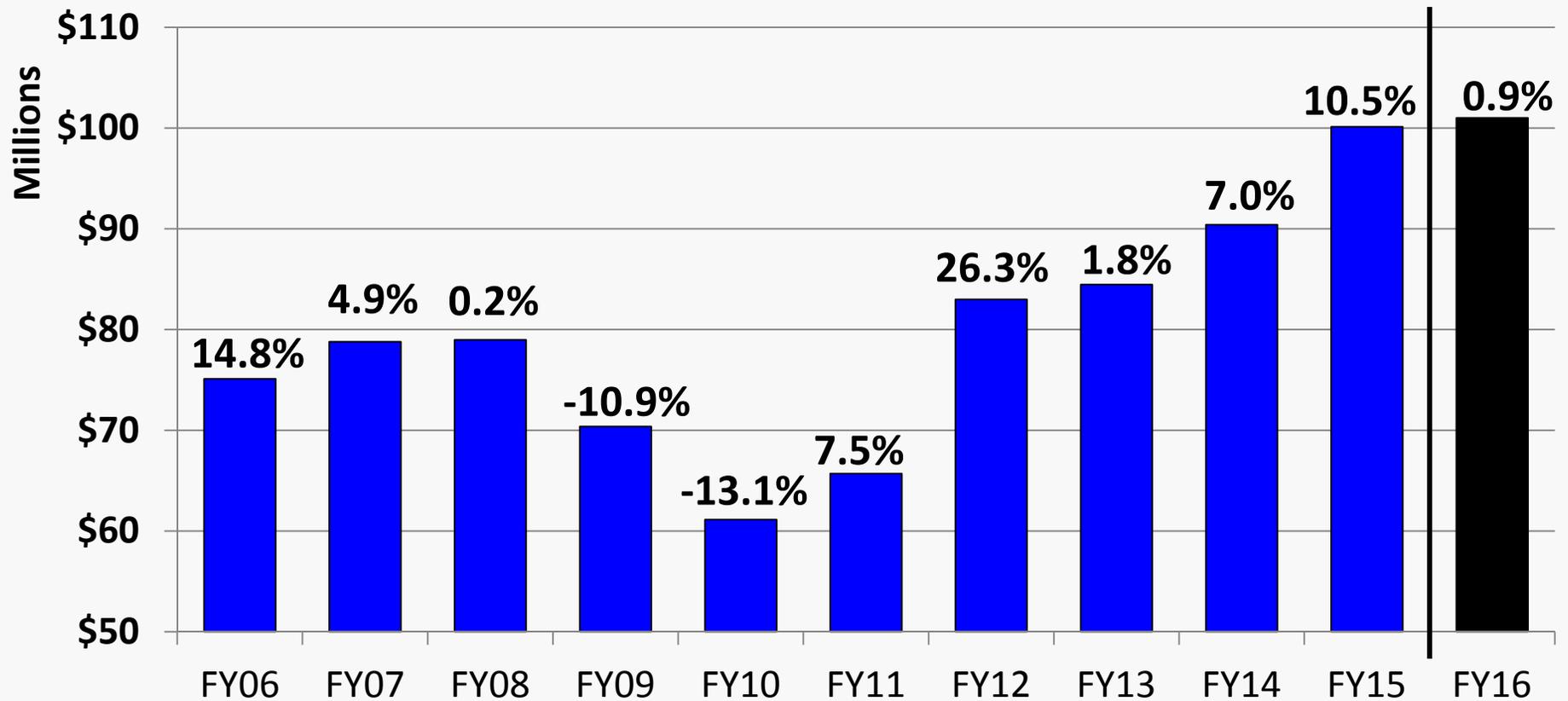
7% of Total

Blue = FY07-FY15 Average Red = FY15 YTD Growth/FY16 YTD Growth
 Black = Monthly Growth Rates Green = Growth of Leg. Adopt FY16 Est.



Contractor's Excise Tax

CET Collections to General Fund

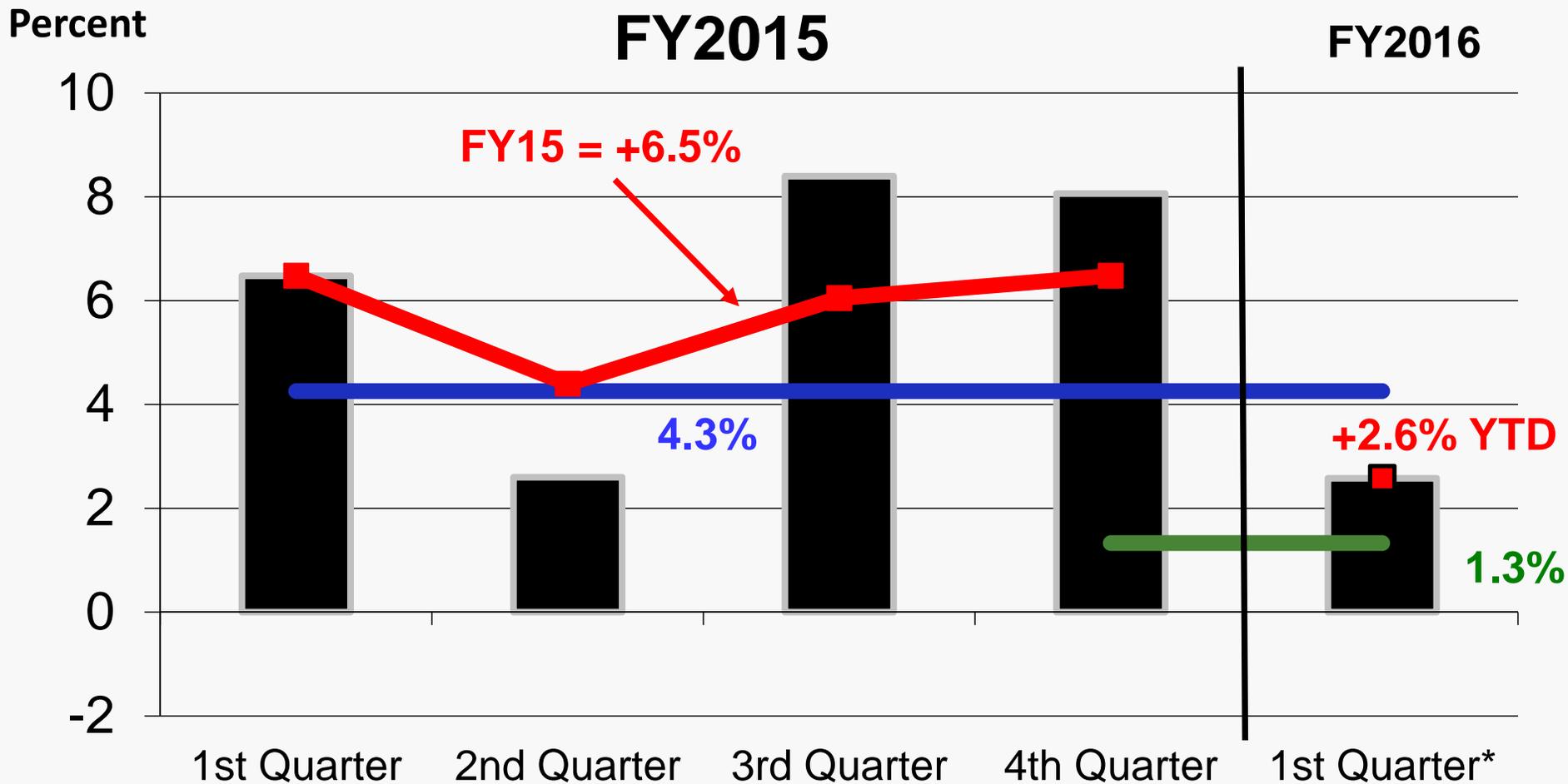


Growth Rates for Insurance Company Tax

5% of Total

Blue = FY07-FY15 Average Red = FY15 YTD Growth/FY16 YTD Growth

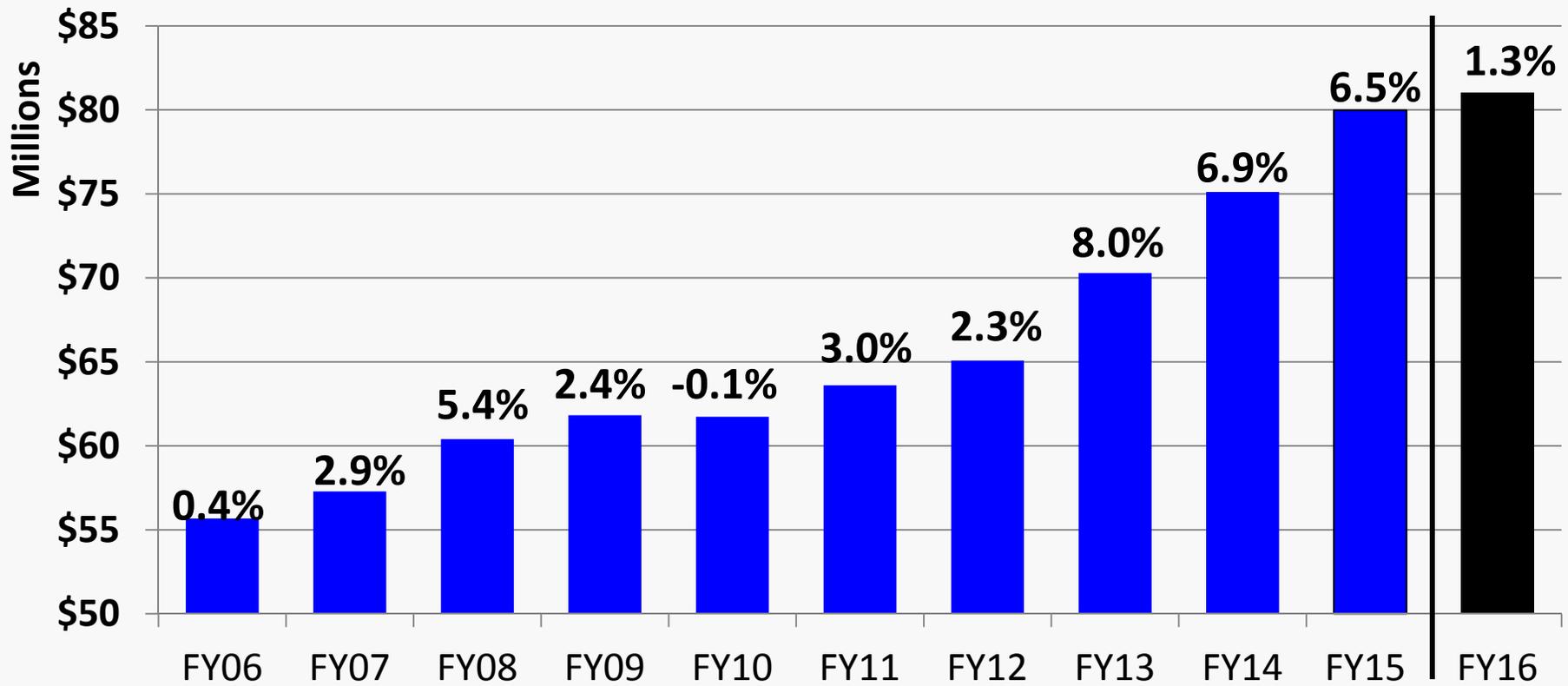
Black = Quarterly Growth Rates Green = Growth of Leg. Adopt FY16 Est.



*First month

Insurance Company Tax

Insurance Company Tax Collections to General Fund



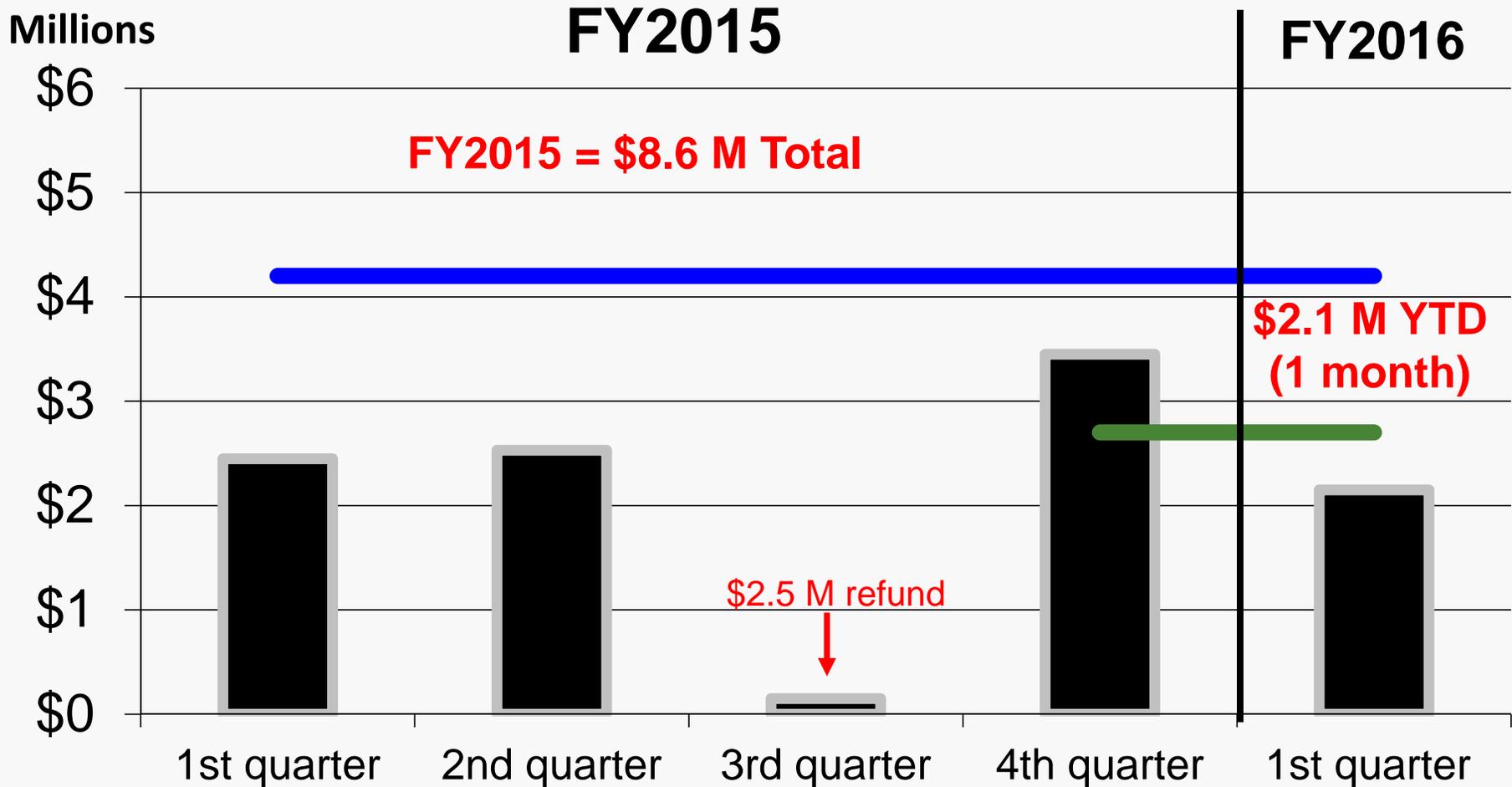
adopt
16

2% of Total

Bank Franchise Tax Collections

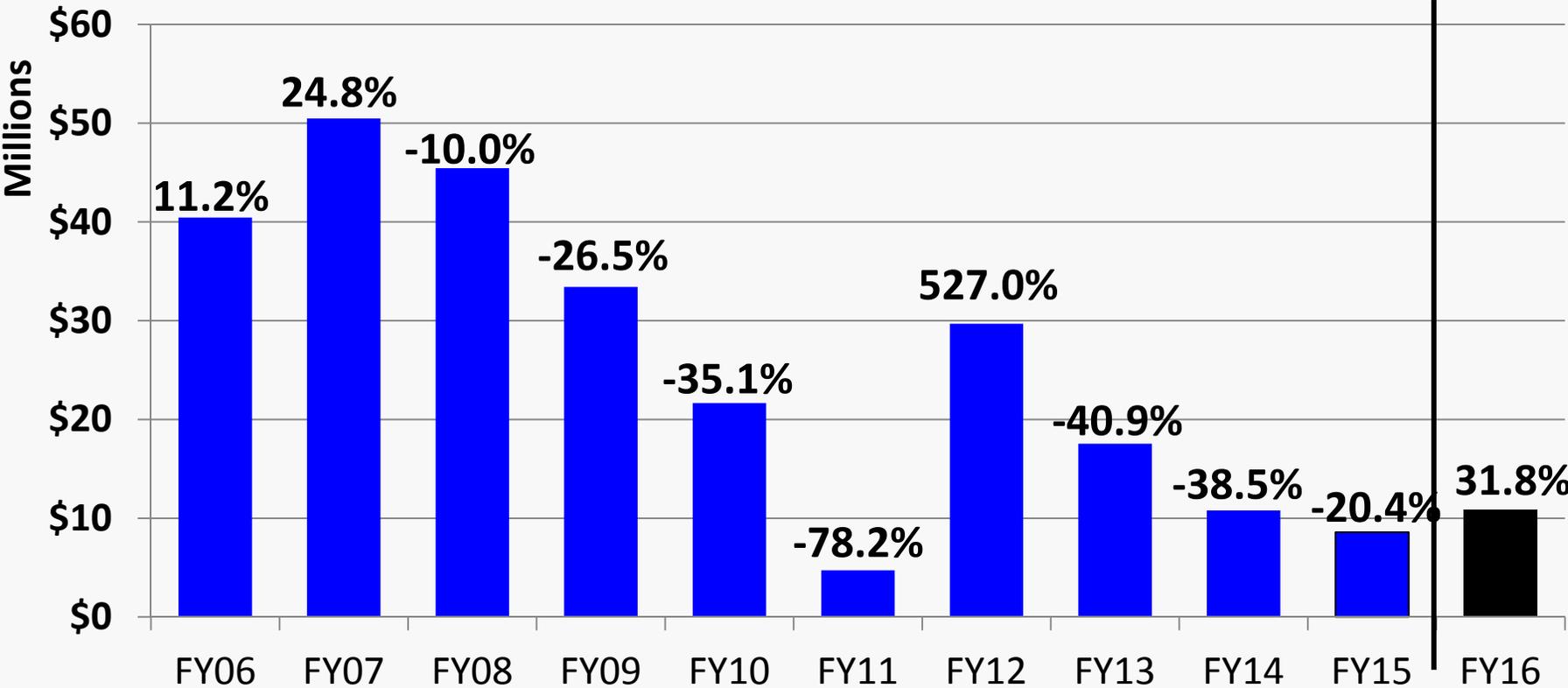
\$4.2 M = average quarterly collections (past 8 yrs.)

Black = Actual Quarterly Collections \$2.7 M/Qtr. = Leg. Adopt FY16 Est.



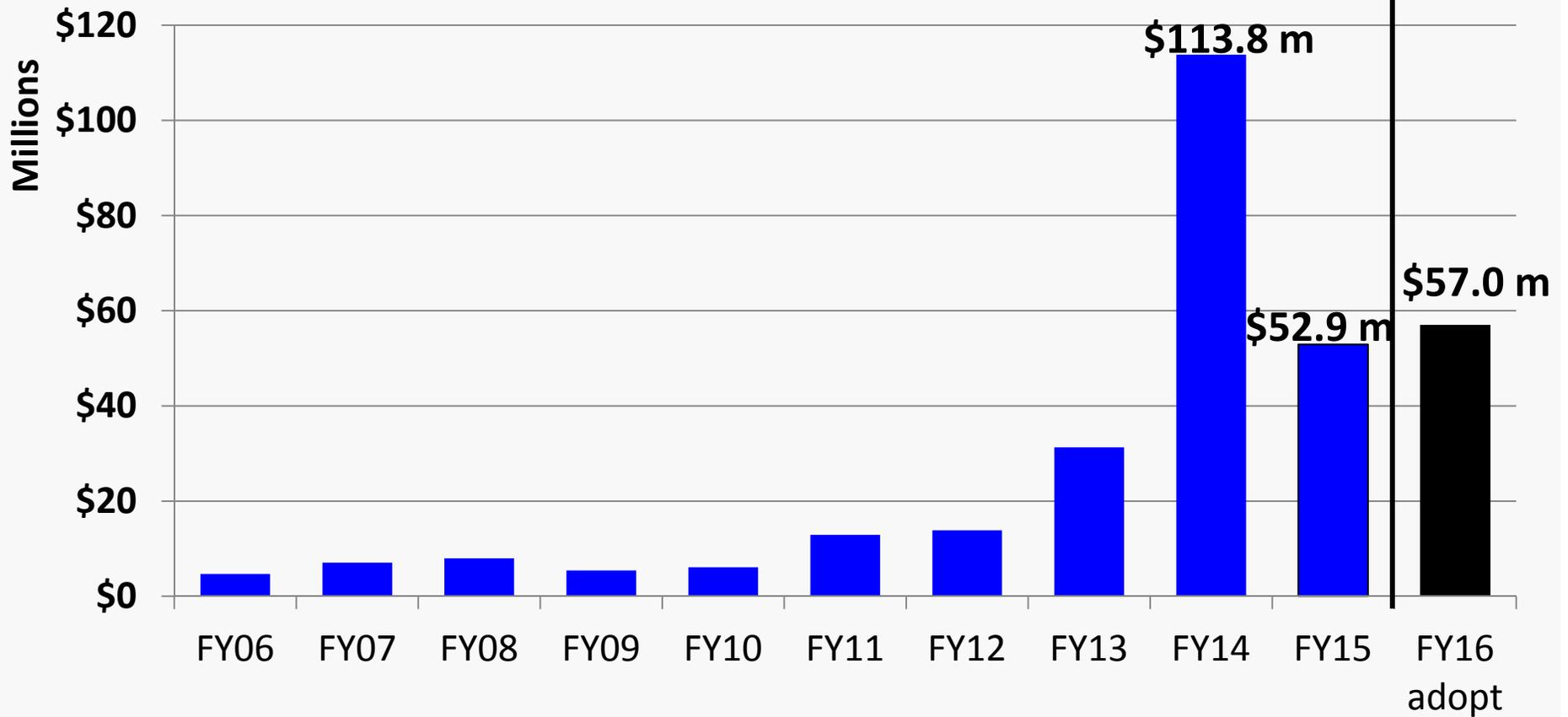
Bank Franchise Tax

Bank Franchise Tax Collections to General Fund



Unclaimed Property Receipts

Unclaimed Property Receipts to General Fund



Other Discussion

- Tourism
- Agriculture
- Geographical Areas
- Other Discussion