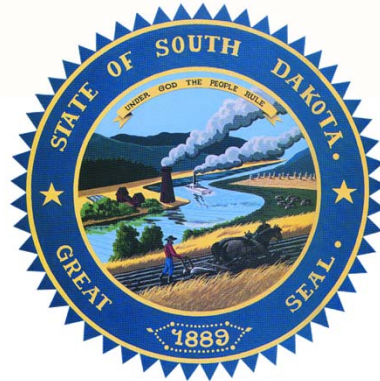


Governor's Council of Economic Advisors

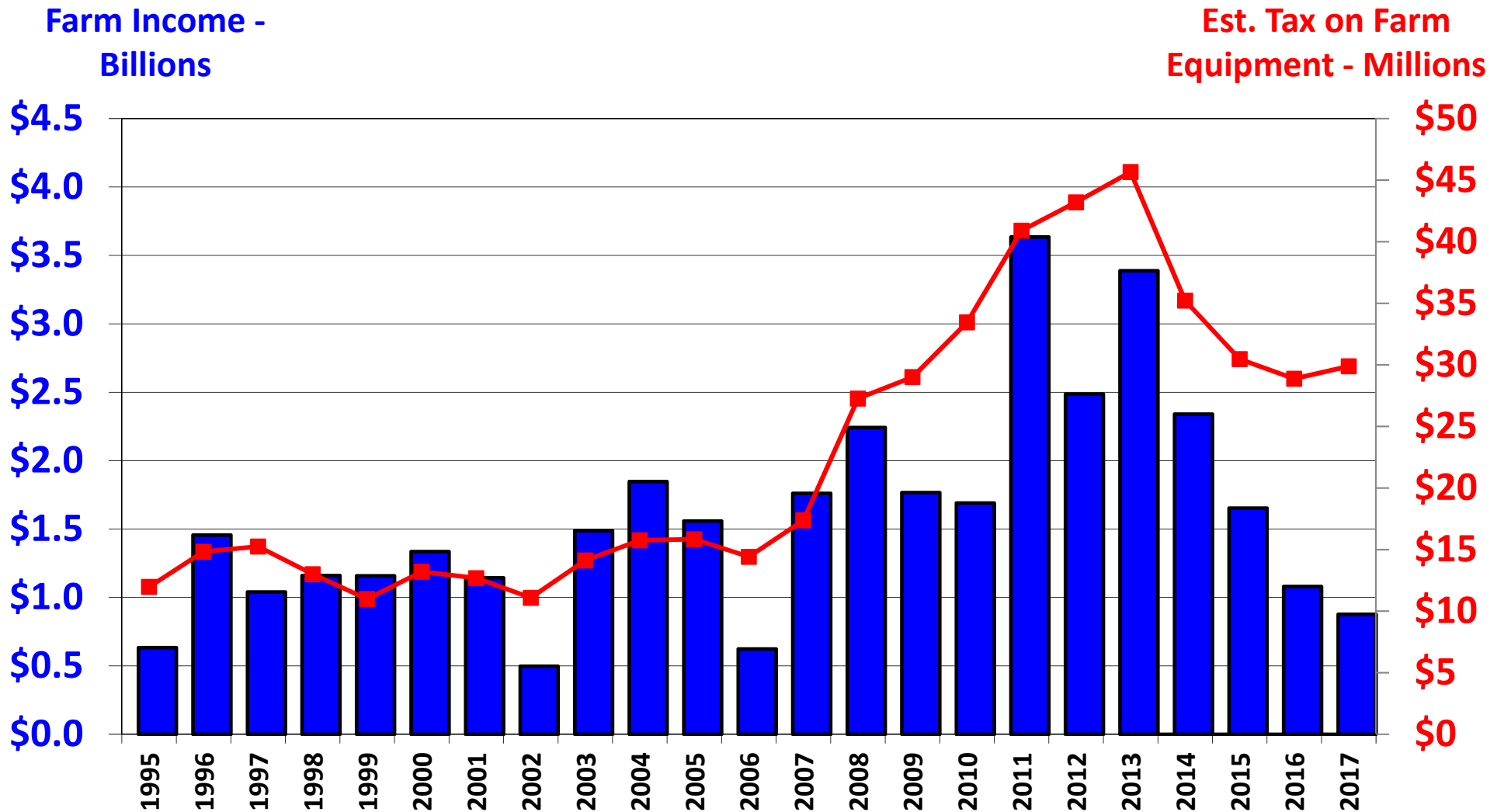


October 30, 2018

IHS Markit Economic Forecast for South Dakota Key Indicators (July '18)

	2016	2017	2018 f	2019 f	2020 f	'09-'17 avg.
SD Real GDP Growth	1.6%	0.3%	2.1%	2.6%	1.9%	1.6%
SD Nonfarm Employment	0.9%	0.6%	1.4%	1.3%	1.0%	0.9%
SD Nonfarm Income	2.0%	2.1%	3.8%	4.5%	4.5%	4.2%
SD Housing Starts	5,580	5,070	4,920	5,030	5,150	4,270
SD Unempl. Rate	3.0%	3.3%	3.2%	2.9%	3.0%	3.8%

Spending on Equipment Has Stabilized, up so far in FY19



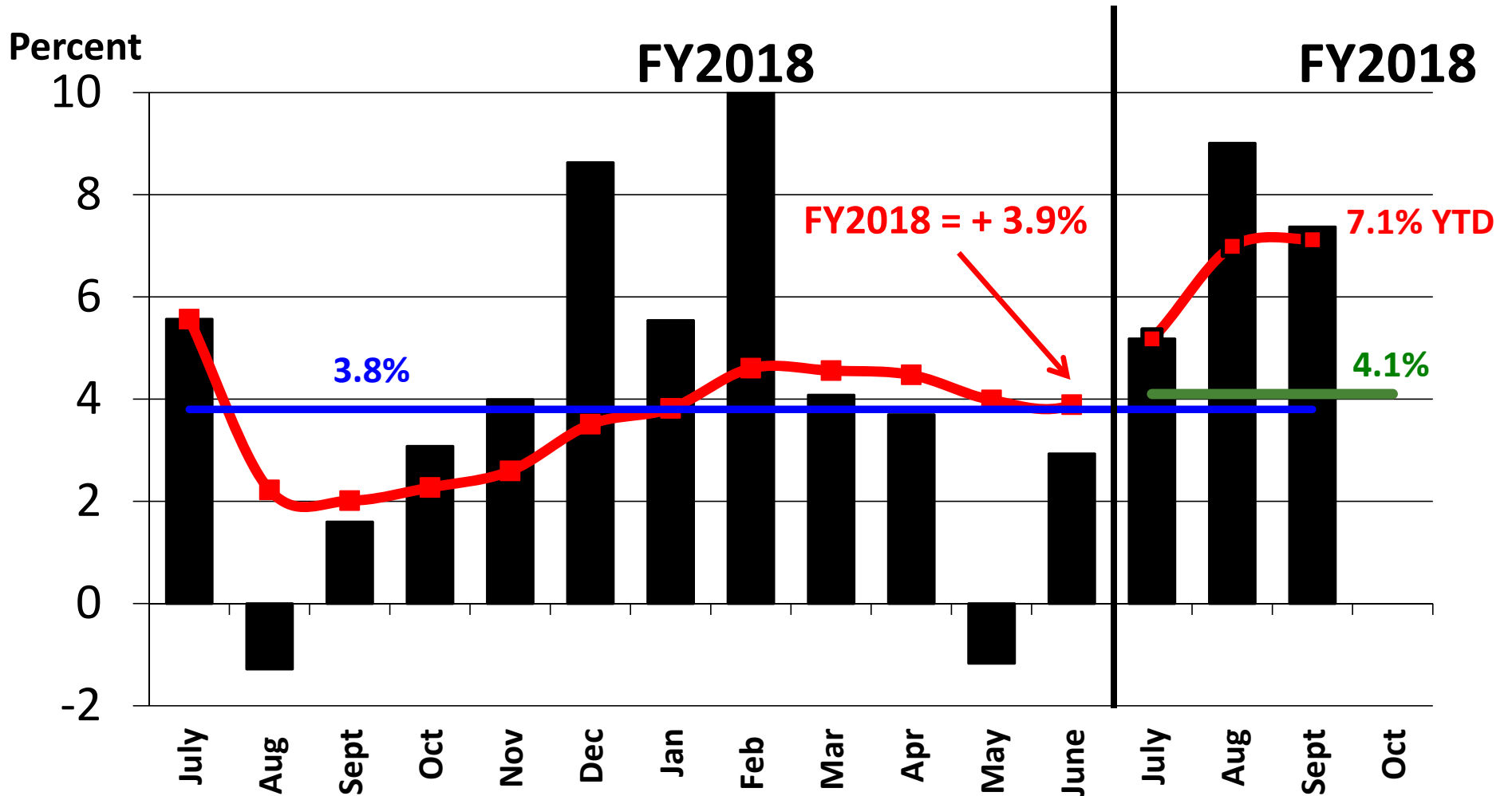
Source: BEA and SD Dept. of Revenue

Growth Rates of Key Revenue Sources



Recent Sales & Use Tax Growth Rates

Blue = FY10-FY18 Average Red = Running YTD FY18/FY19 Growth
 Black = Monthly Growth Rates Green = Growth of Adopted FY19 Est.



Source: SD Bureau of Finance and Management

FY2018 vs. FY2019 Taxable Sales Growth through First Quarter

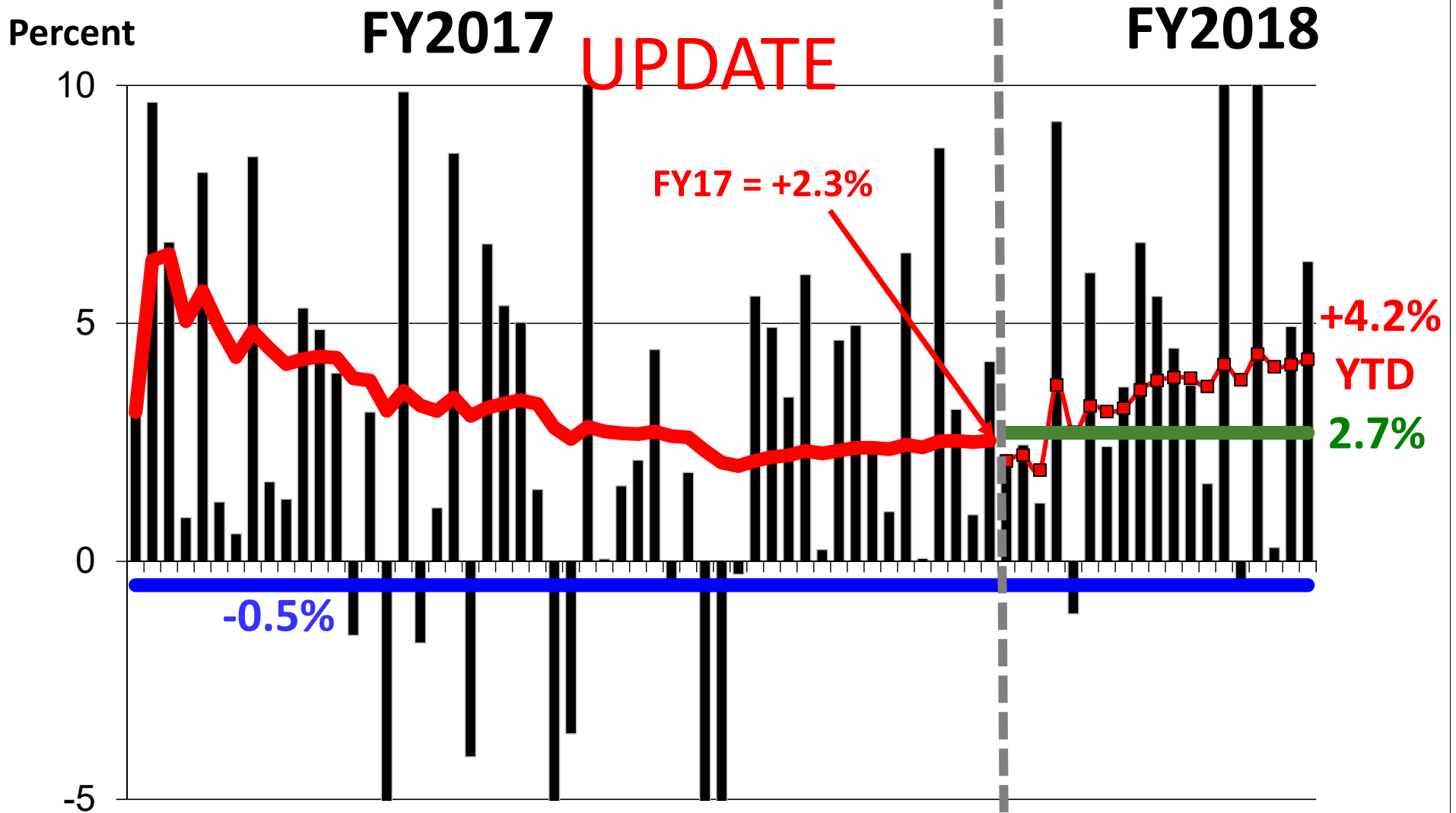
	(in millions)			Growth from
<u>Top 15 Major Groups (82% of total)</u>	<u>FY17</u>	<u>FY18</u>	<u>% Chg</u>	<u>FY10-FY18</u>
Misc. Retail *	\$597.8	\$660.4	10.5%	3.4%
General Merchandise Stores	\$591.2	\$610.0	3.2%	3.3%
Food Stores	\$407.2	\$414.6	1.8%	1.5%
Building Materials & Garden Supplies	\$407.5	\$449.5	10.3%	3.8%
Eating & Drinking Places	\$416.1	\$433.2	4.1%	4.0%
Electric, Gas, & Sanitary Services	\$356.5	\$400.7	12.4%	1.1%
Wholesale Trade - Durable Goods	\$310.4	\$344.3	10.9%	3.8%
Auto Dealers/Service Stations	\$273.0	\$290.9	6.5%	3.7%
Communications	\$299.1	\$302.5	1.1%	3.2%
Business Services	\$264.1	\$284.3	7.7%	4.9%
Furniture & Homefurnishing Stores	\$154.7	\$157.4	1.7%	2.4%
Auto Repair, Services, & Parking	\$143.9	\$151.0	4.9%	5.1%
Engineering & Management Services	\$126.0	\$143.1	13.5%	5.9%
Apparel & Accessory Stores	\$109.4	\$116.4	6.4%	4.6%
Hotels & Other Lodging Places	\$256.7	\$266.0	3.6%	5.3%
Total of Top 15 Major Groups	\$4,713.7	\$5,024.3	6.6%	3.4%
Remaining Groups	\$1,040.6	\$1,187.6	14.1%	5.4%
Total Taxable Sales	\$5,754.3	\$6,211.9	8.0%	3.7%

Source: SD Dept. of Revenue

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 Adopted FY18 Est.



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

Recent Growth Rates for Net CET

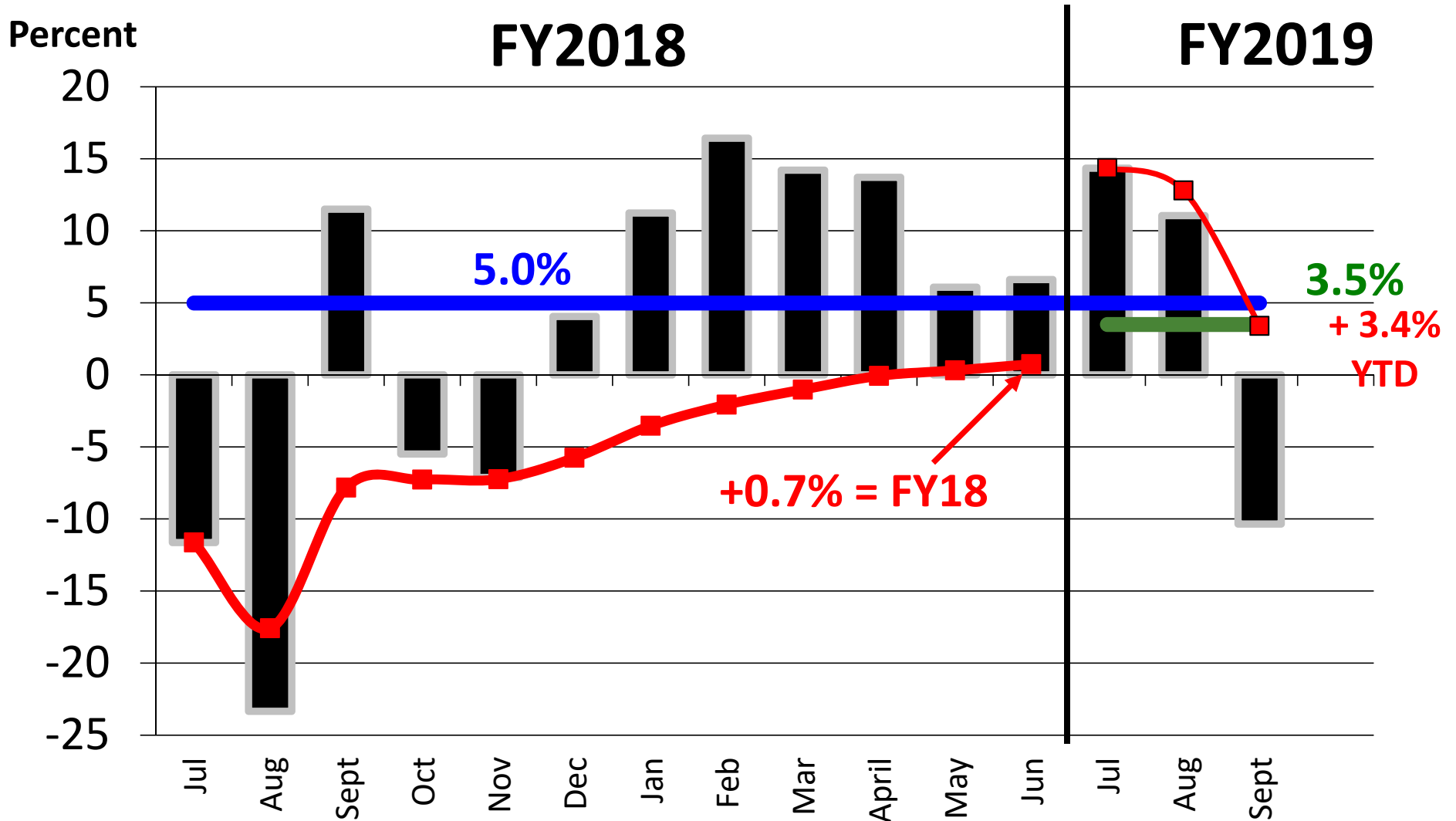
7% of Total

Blue = FY10-FY18 Average

Red = FY18/FY19 YTD Growth

Black = Monthly Growth Rates

Green = Growth of Adopted FY19 Est.



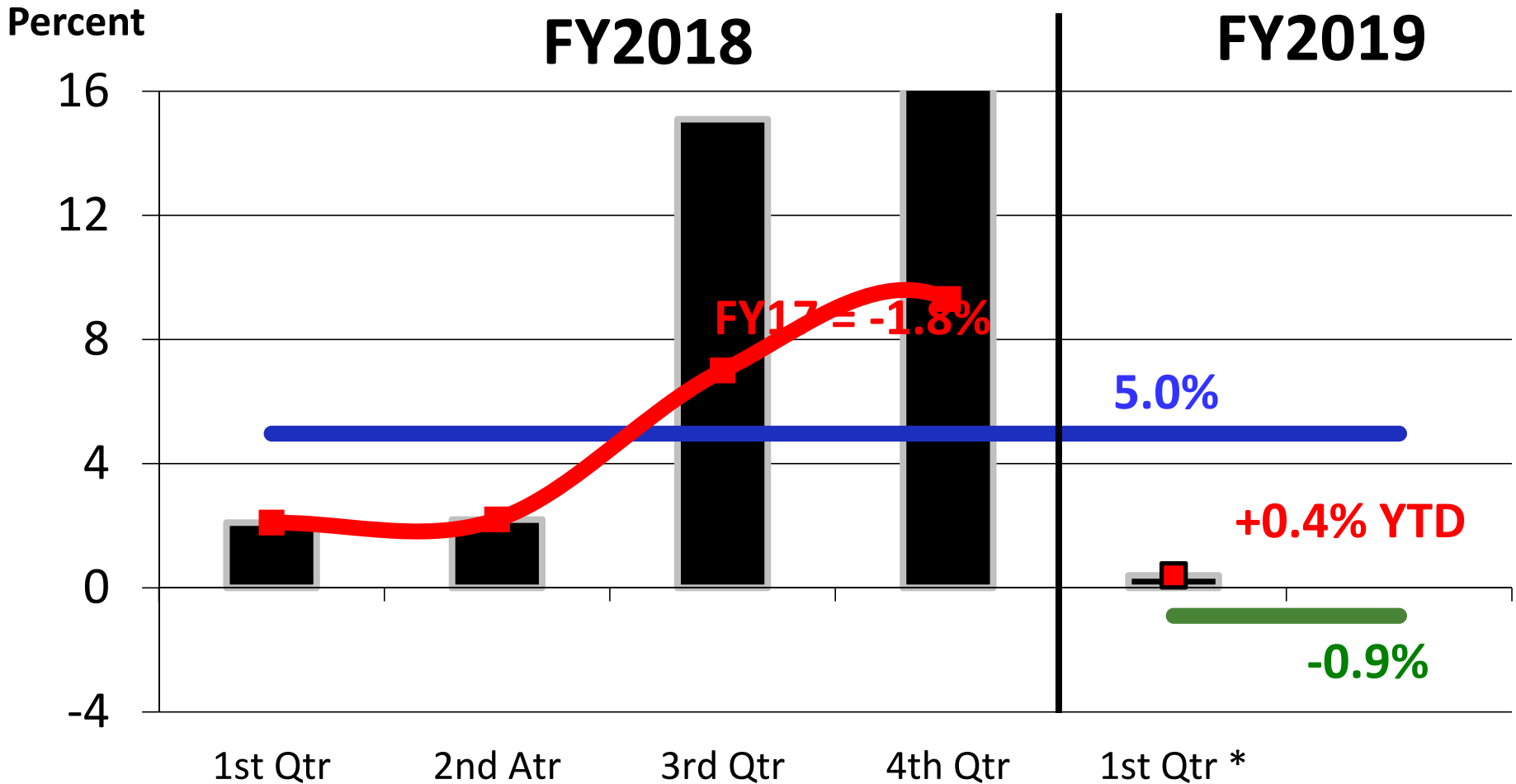
Source: SD Bureau of Finance and Management

Growth Rates for Insurance Company Tax

5% of Total

Blue = FY10-FY18 Average Red = FY18/FY19 YTD Growth

Black = Quarterly Growth Rates Green = Growth of Adopted FY19 Est.



Source: SD Bureau of Finance and Management

Other Discussion?