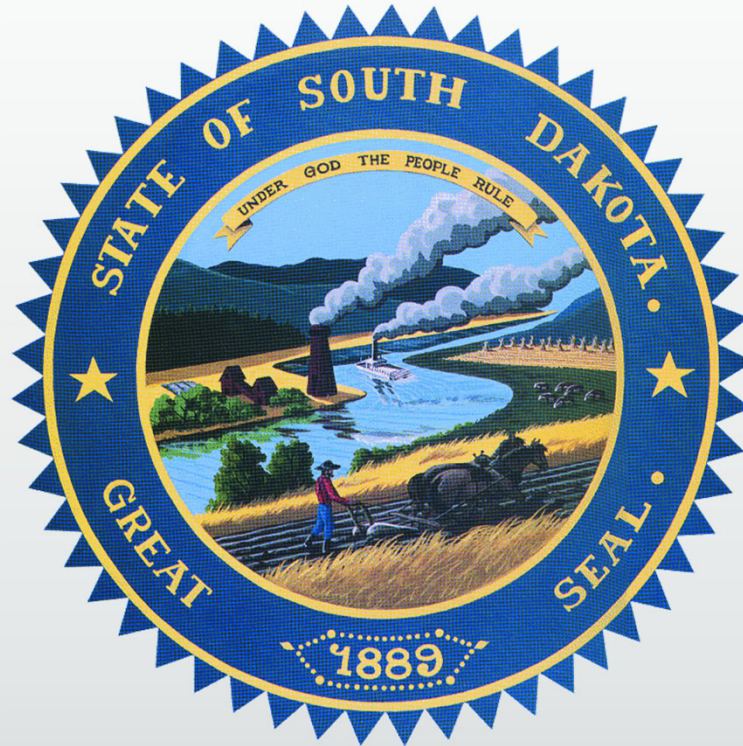


Governor's Council of Economic Advisors



South Dakota Bureau Of Finance and Management
October 27th, 2020

IHS Economics Forecast for South Dakota Key Indicators (August '20)

	2016	2017	2018	2019	2020 f	2021 f	'09-'19 avg.
SD Real GDP Growth	0.5%	-0.1%	1.9%	0.7%	-2.7%	3.5%	1.5%
SD NF Employment	0.9%	0.4%	0.9%	0.6%	-2.5%	3.5%	0.6%
SD NF Income	2.5%	3.4%	5.4%	4.0%	4.7%	0.1%	3.9%
SD Housing Starts	5,550	5,040	4,740	3,890	4,340	4,690	4,200
SD Unempl. Rate	3.0%	3.2%	3.1%	3.3%	6.0%	4.4%	3.7%

IHS Economics Forecast for South Dakota Key Indicators (October '20)

	2016	2017	2018	2019	2020 f	2021 f	'09-'19 avg.
SD Real GDP Growth	0.5%	-0.1%	1.9%	0.7%	-2.5%	3.2%	1.5%
SD NF Employment	0.9%	0.4%	0.9%	0.6%	-3.5%	2.6%	0.6%
SD NF Income	2.5%	3.4%	5.4%	4.0%	4.8%	2.9%	3.9%
SD Housing Starts	5,550	5,040	4,740	3,890	5,626	5,000	4,200
SD Unempl. Rate	3.0%	3.2%	3.1%	3.3%	5.5%	4.0%	3.7%

IHS Economics Forecast for U.S. Economy Key Indicators (August '20)

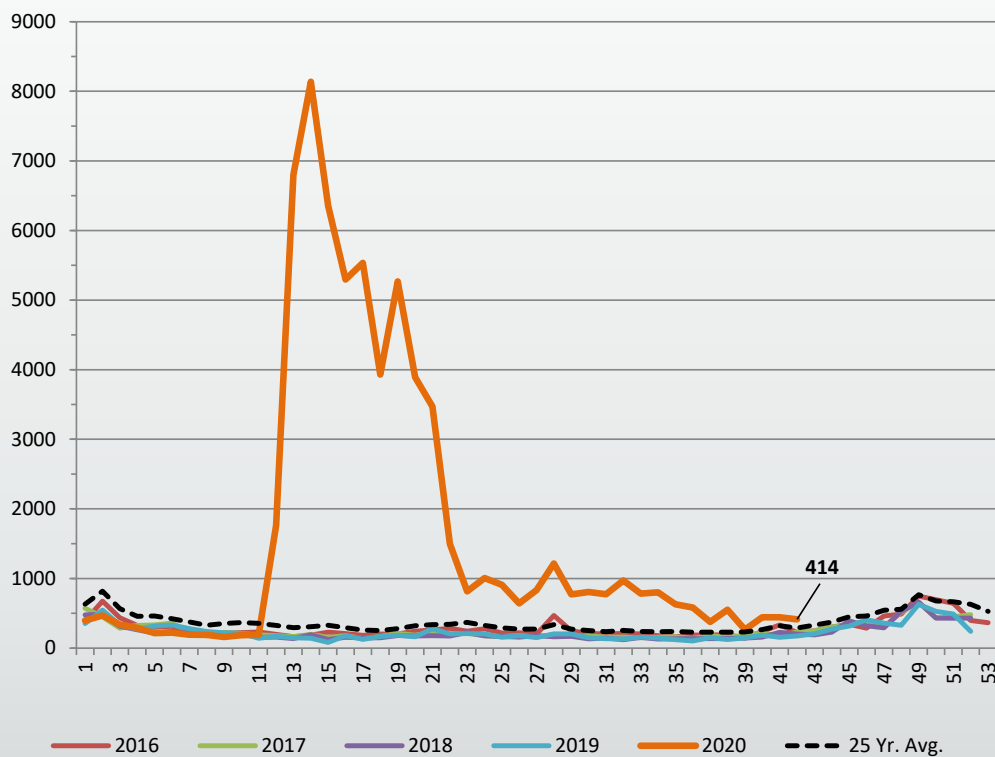
	2016	2017	2018	2019	2020 f	2021 f	'09-'19 avg.
Real GDP Growth	1.7%	2.4%	3.0%	2.2%	-4.8%	3.1%	1.9%
NF Employment	1.8%	1.6%	1.6%	1.4%	-5.5%	2.5%	0.9%
NF Income	1.6%	5.7%	5.1%	4.2%	-8.9%	-10.8%	5.3%
Unempl. Rate	4.9%	4.4%	3.9%	3.7%	8.6%	7.6%	6.5%

IHS Economics Forecast for U.S. Economy Key Indicators (October '20)

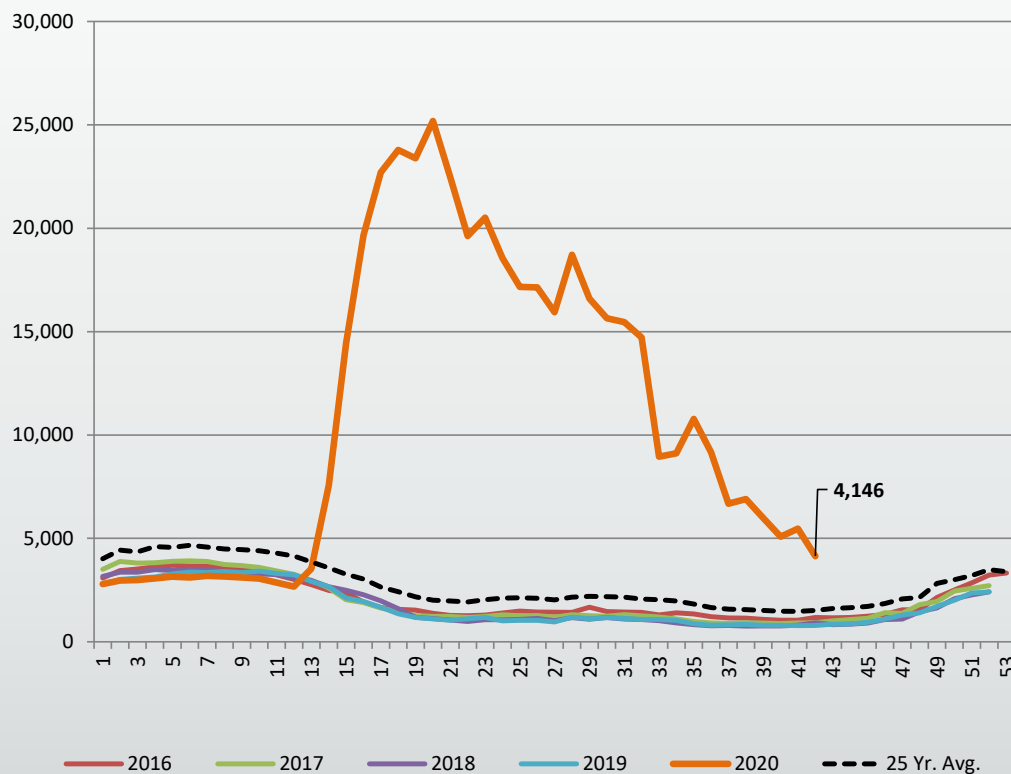
	2016	2017	2018	2019	2020 f	2021 f	'09-'19 avg.
Real GDP Growth	1.7%	2.4%	3.0%	2.2%	-3.5%	3.7%	1.9%
NF Employment	1.8%	1.6%	1.6%	1.4%	-5.5%	3.3%	0.9%
NF Income	1.6%	5.7%	5.1%	4.2%	-5.1%	-12.7%	5.3%
Unempl. Rate	4.9%	4.4%	3.9%	3.7%	8.2%	6.4%	6.5%

COVID-19 Weekly Metrics

SD Initial Claims for Reemployment Assistance
(weekly claims by calendar year)

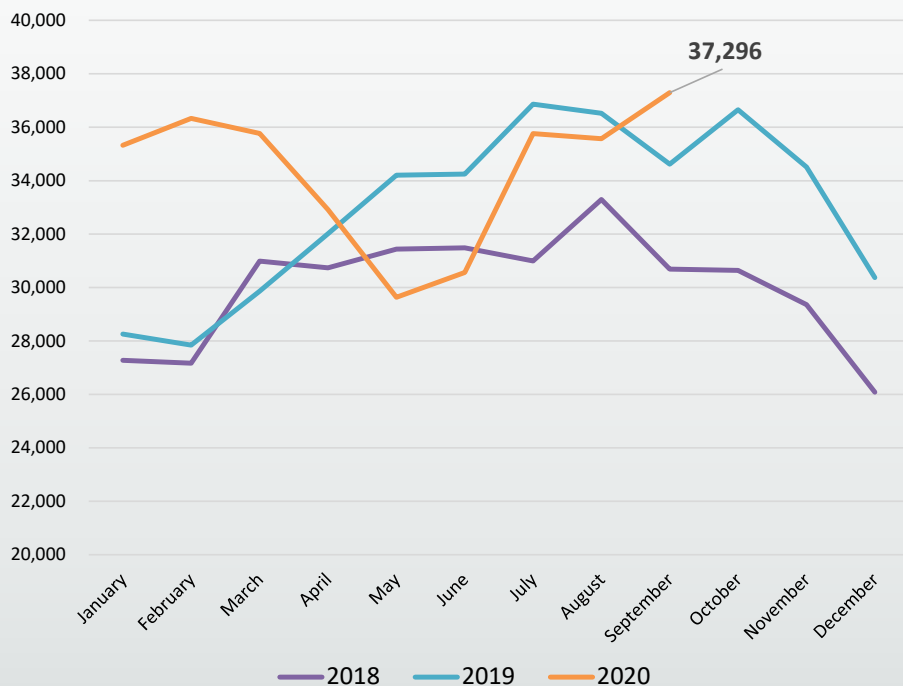


SD Continued Claims for Reemployment Assistance
(weekly claims by calendar year)



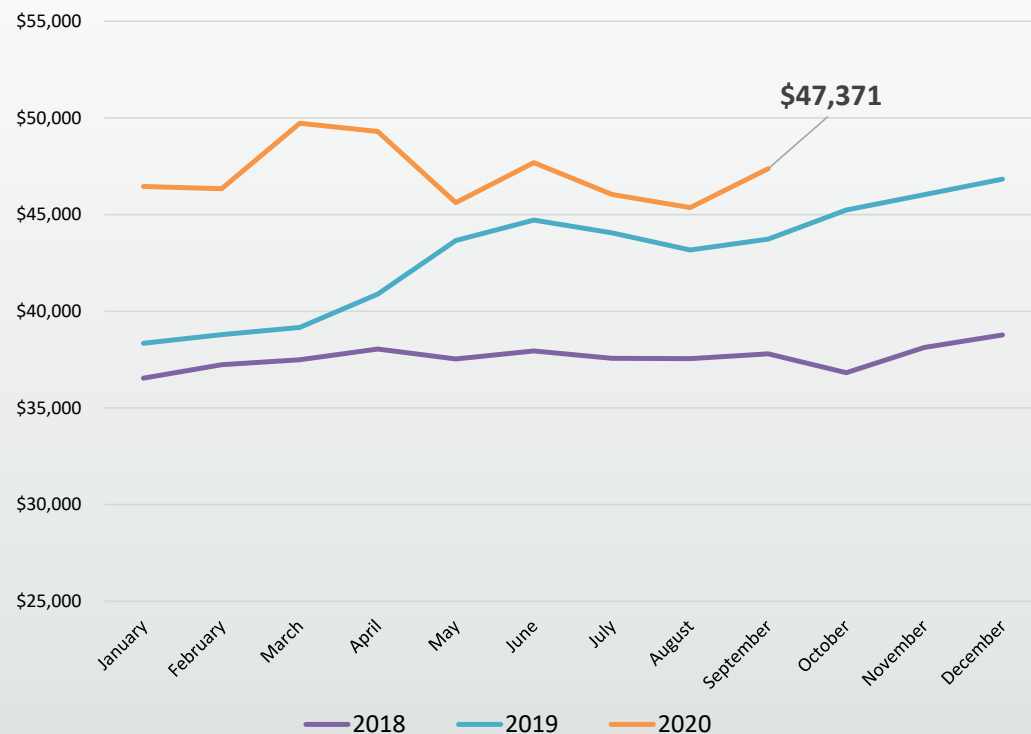
COVID-19 Weekly Metrics

Monthly Statewide Job Openings Advertised Online



Source: Online advertised jobs data, virtual labor market data system, Labor Market Information Center, SD Department of Labor and Regulation.

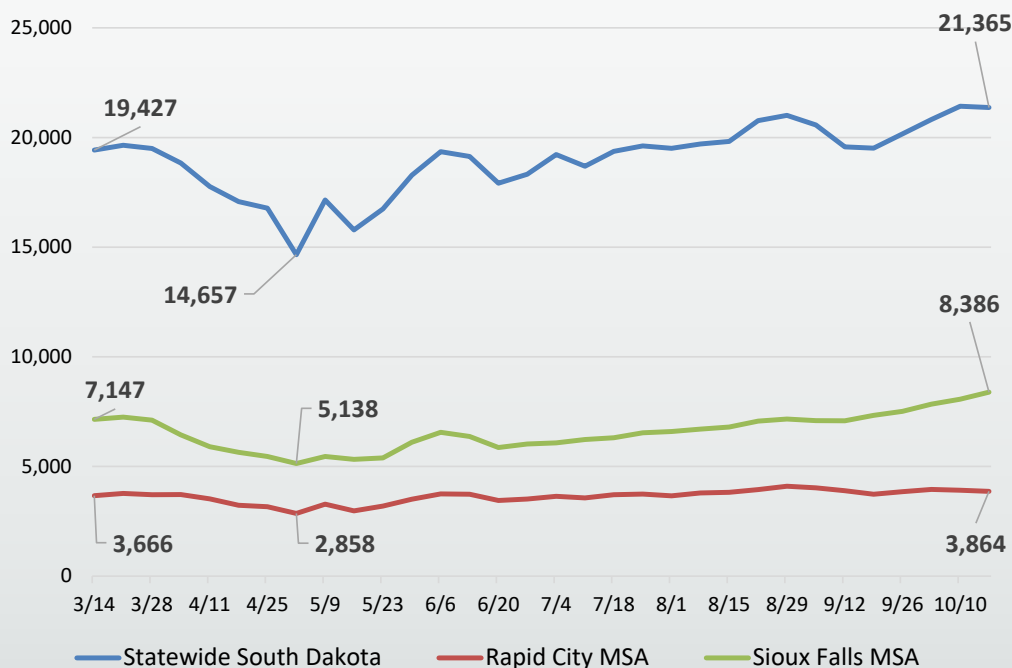
Average Wage of Posted Jobs



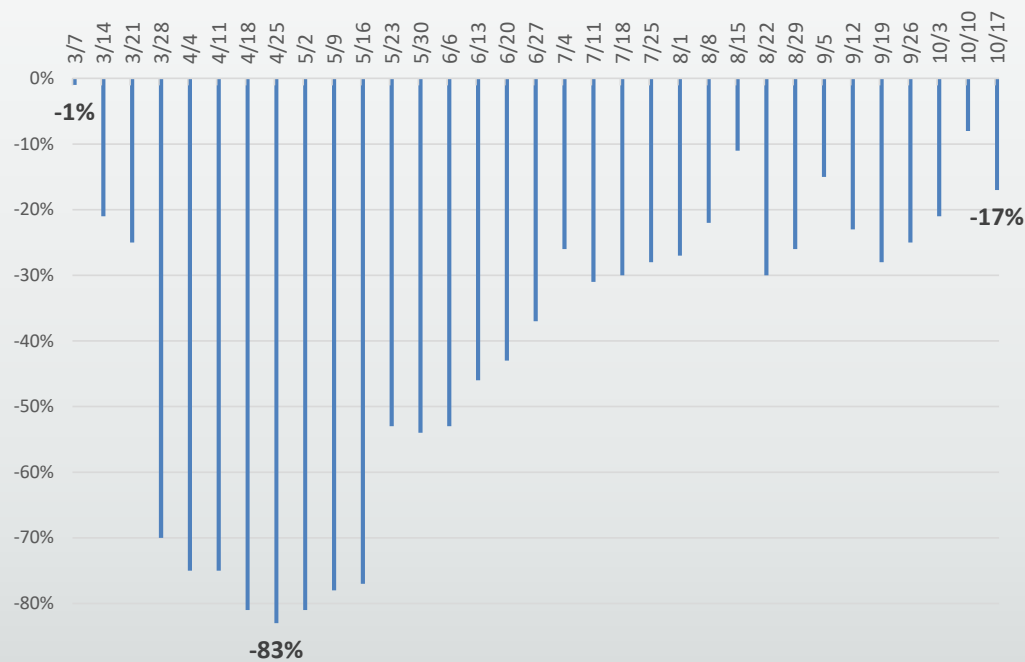
Source: Online advertised jobs data, virtual labor market data system, Labor Market Information Center, SD Department of Labor and Regulation.

COVID-19 Weekly Metrics

Weekly Job Openings Advertised Online (2020)



Weekly Estimated Travel Spending in South Dakota: Year over Year Percent Change



Source: Tourism Economics/U.S. Travel Association

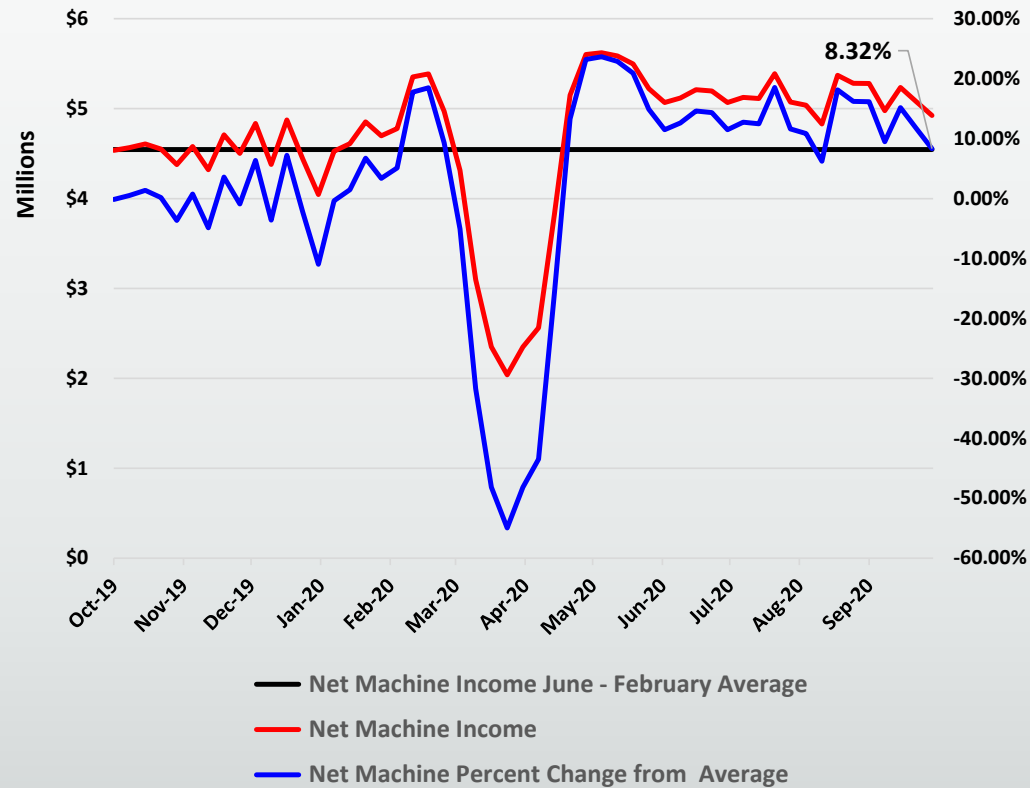
Source: Online advertised jobs data, virtual labor market data system, Labor Market Information Center, SD Department of Labor and Regulation.

COVID-19 Weekly Metrics

South Dakota Traffic Trends

	Mar.	Apr.	May	June	Jul.	Aug.	Sep.	Oct.
State Highways	-14%	-36%	-20%	-9%	-3%	-1%	-1%	-1%
Rural Interstate	-13%	-40%	-25%	-11%	-5%	-2%	0%	-1%
Rural Non Interstate	-11%	-33%	-12%	-6%	-2%	1%	4%	6%
Urban	-15%	-34%	-19%	-8%	-2%	-2%	-3%	-2%

Video Lottery Net Machine Income: Weekly



FY20 YTD Actual v. FY21 YTD Actual

Actual Revenue FY2020 vs. Actual Revenue FY2021 Year-To-Date Through SEPTEMBER FY2021 Comparison

	Actual YTD FY2020	Actual YTD FY2021	DOLLAR CHANGE	YTD GROWTH OVER FY2020	FY2021 GROWTH NEEDED FOR LEG. ADOPTED
ONGOING RECEIPTS					
Net Sales and Use Tax (excl. cost of admin)	293,166,029	317,579,900	24,413,871	8.3%	2.7%
Lottery	28,862,972	33,491,803	4,628,831	16.0%	7.9%
Net Contractor's Excise Tax	34,594,876	39,780,906	5,186,029	15.0%	5.3%
Insurance Company Tax	19,929,826	21,331,116	1,401,290	7.0%	0.8%
Unclaimed Property Receipts	(5,704,814)	(2,965,087)	2,739,726	48.0%	-12.3%
Licenses, Permits, and Fees	2,249,076	2,155,645	(93,431)	-4.2%	2.5%
Tobacco Taxes	14,965,996	15,844,630	878,633	5.9%	-10.3%
Trust Funds	26,854,666	28,223,883	1,369,217	5.1%	4.6%
Net Transfers In (excluding one-time)	9,694,184	10,111,637	417,454	4.3%	7.3%
Alcohol Beverage Tax	41,986	34,563	(7,423)	-17.7%	0.3%
Bank Franchise Tax	360,198	683,784	323,587	89.8%	16.7%
Charges for Goods and Services	4,277,193	4,453,892	176,699	4.1%	10.6%
Telecommunications Tax	787,391	799,304	11,913	1.5%	-21.6%
Severance Taxes ¹	548,831	2,017,878	1,469,047	267.7%	-6.5%
Investment Income and Interest ²	10,825,837	18,310,518	7,484,680	69.1%	7.1%
Alcohol Beverage 2% Wholesale Tax	563,562	616,280	52,718	9.4%	2.0%
SUBTOTAL (ONGOING RECEIPTS)	\$ 442,017,809	\$ 492,470,651	\$ 50,452,843	11.4%	2.5%
ONE-TIME RECEIPTS					
Closeout of SDRC Inc. Funds ³	0	3,381,726	3,381,726	N/A	
Refinancing Gains ⁴	0	6,343,667	6,343,667	N/A	
One-Time Sales and Use Tax ⁵	0	8,182,392	8,182,392	N/A	
Bank Franchise Tax Prior Year Revenue ⁶	0	9,720,271	9,720,271	N/A	
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 0	\$ 27,628,055	\$ 27,628,055	N/A	
GRAND TOTAL	\$ 442,017,809	\$ 520,098,707	\$ 78,080,898	17.7%	

NOTES:

¹ Severance Tax increase is partially due to delayed payment in FY2020.

² Investment Income and Interest is due to increased interest proration disbursements related to higher earnings in the Cash Flow Portfolio and increased General Fund share related to the receipt of \$1.25B in Coronavirus Relief Fund (CRF) cash.

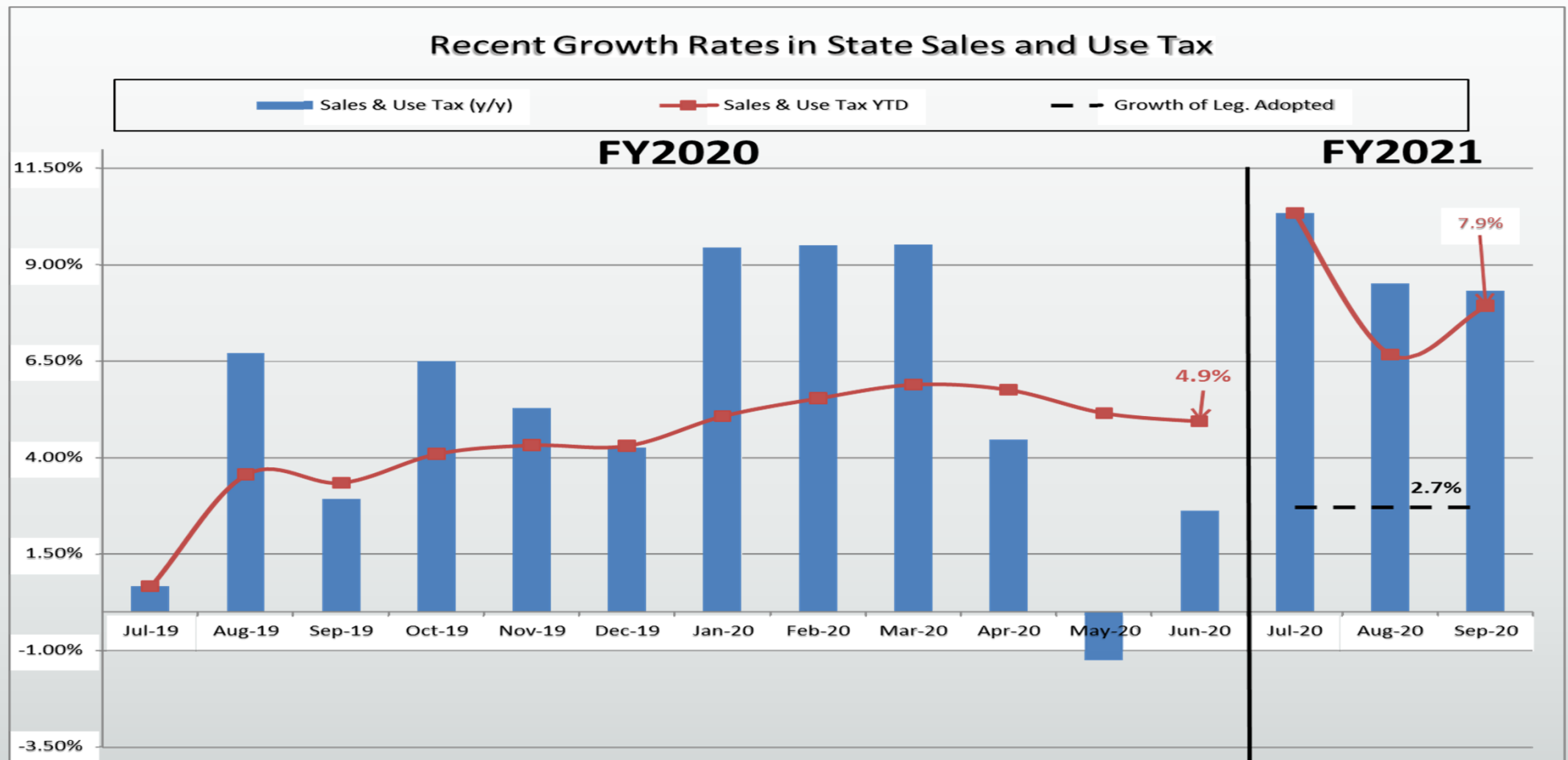
³ Per the SDRC Inc. Contract.

⁴ Refinancing Gains are related to savings generated by the refinancing of various bonds at the Board of Regents and Game, Fish, and Parks.

⁵ One-time Sales and Use Tax is due to one-time collections related to the reinvestment program.

⁶ Bank Franchise Tax Prior Year Revenue includes revenue related to the federal income tax filing extension and audits.

Recent Sales & Use Tax Growth Rates



FY21 YTD Leg. Adopted v. FY21 YTD Actual

Legislative Adopted FY2021 Estimate (Feb. 2020) vs. Actual Revenues Year-to-Date Through SEPTEMBER FY2021 Comparison

	Leg. Adopted YTD FY2021	Actual YTD FY2021	DOLLAR CHANGE	YTD % Chg. Actual/Adopt Comparison
ONGOING RECEIPTS				
Net Sales and Use Tax (excl. cost of admin)	300,745,705	317,579,900	16,834,195	5.6%
Lottery	29,378,112	33,491,803	4,113,690	14.0%
Net Contractor's Excise Tax	38,671,029	39,780,906	1,109,877	2.9%
Insurance Company Tax	20,703,960	21,331,116	627,156	3.0%
Unclaimed Property Receipts	(5,704,814)	(2,965,087)	2,739,726	48.0%
Licenses, Permits, and Fees	2,318,311	2,155,645	(162,665)	-7.0%
Tobacco Taxes	14,459,097	15,844,630	1,385,533	9.6%
Trust Funds	28,192,176	28,223,883	31,707	0.1%
Net Transfers In (excluding one-time)	9,571,182	10,111,637	540,455	5.6%
Alcohol Beverage Tax	25,851	34,563	8,711	33.7%
Bank Franchise Tax	446,438	683,784	237,346	53.2%
Charges for Goods and Services	4,063,624	4,453,892	390,268	9.6%
Telecommunications Tax	786,708	799,304	12,596	1.6%
Severance Taxes ¹	1,211,053	2,017,878	806,825	66.6%
Investment Income and Interest ²	11,429,337	18,310,518	6,881,181	60.2%
Alcohol Beverage 2% Wholesale Tax	596,773	616,280	19,507	3.3%
SUBTOTAL (ONGOING RECEIPTS)	\$ 456,894,543	\$ 492,470,651	\$ 35,576,108	7.8%
ONE-TIME RECEIPTS				
Closeout of SDRC Inc. Funds ³	0	3,381,726	3,381,726	N/A
Refinancing Gains ⁴	0	6,343,667	6,343,667	N/A
One-Time Sales and Use Tax ⁵	0	8,182,392	8,182,392	N/A
Bank Franchise Tax Prior Year Revenue ⁶	0	9,720,271	9,720,271	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 0	\$ 27,628,055	\$ 27,628,055	N/A
GRAND TOTAL	\$ 456,894,543	\$ 520,098,707	\$ 63,204,163	13.83%

NOTES

¹ Severance Tax increase is partially due to delayed payment in FY2020.

² Investment Income and Interest is due to increased interest proration disbursements related to higher earnings in the Cash Flow Portfolio and increased General Fund share related to the receipt of \$1.25B in Coronavirus Relief Fund (CRF) cash.

³ Per the SDRC Inc. contract.

⁴ Refinancing Gains are related to savings generated by the refinancing of various bonds at the Board of Regents and Game, Fish, and Parks.

⁵ One-time Sales and Use Tax is due to one-time collections related to the reinvestment program.

⁶ Bank Franchise Tax Prior Year Revenue includes revenue related to the federal income tax filing extension and audits.

Sales and Use Tax by Major Group & Division: FY21

2020	July	August	September	FYTD
Agriculture, Forestry, & Fishing	46,721,094	39,989,951	38,041,736	124,752,781
Mining	7,176,410	6,429,311	6,987,689	20,593,410
Construction	3,353,819	2,036,327	2,579,056	7,969,202
Manufacturing	178,276,224	284,881,669	249,714,182	712,872,075
Transportation & Public Utilities	257,087,044	216,931,663	228,672,185	702,690,892
Wholesale Trade	197,493,709	171,676,947	167,228,048	536,398,704
Retail Trade	1,223,436,700	1,209,186,793	1,221,744,486	3,654,367,979
Finance, Insurance, & Real Estate	56,535,779	51,608,991	48,789,060	156,933,830
Services	422,421,255	395,368,096	474,054,084	1,291,843,435
Public Administration	367,150	278,723	450,812	1,096,685
Total	2,392,869,184	2,378,388,471	2,438,261,338	7,209,518,993

2019	July	August	September	FYTD
Agriculture, Forestry, & Fishing	42,489,476	34,529,910	34,653,955	111,673,341
Mining	7,739,722	7,528,467	8,554,591	23,822,780
Construction	3,336,194	1,983,810	2,568,482	7,888,486
Manufacturing	121,173,421	102,706,686	109,691,022	333,571,129
Transportation & Public Utilities	241,172,984	250,226,896	245,843,598	737,243,478
Wholesale Trade	160,243,869	164,290,118	154,748,956	479,282,943
Retail Trade	1,090,291,732	1,106,270,451	1,131,863,474	3,328,425,657
Finance, Insurance, & Real Estate	52,035,776	54,331,717	47,435,870	153,803,363
Services	450,028,147	403,325,440	407,547,617	1,260,901,204
Public Administration	324,048	535,028	350,337	1,209,413
Total	2,168,835,369	2,125,728,523	2,143,257,902	6,437,821,794

Percent Change	July	August	September	FYTD
Agriculture, Forestry, & Fishing	10.0%	15.8%	9.8%	11.7%
Mining	-7.3%	-14.6%	-18.3%	-13.6%
Construction	0.5%	2.6%	0.4%	1.0%
Manufacturing	47.1%	177.4%	127.7%	113.7%
Transportation & Public Utilities	6.6%	-13.3%	-7.0%	-4.7%
Wholesale Trade	23.2%	4.5%	8.1%	11.9%
Retail Trade	12.2%	9.3%	7.9%	9.8%
Finance, Insurance, & Real Estate	8.6%	-5.0%	2.9%	2.0%
Services	-6.1%	-2.0%	16.3%	2.5%
Public Administration	13.3%	-47.9%	28.7%	-9.3%
Total	10.3%	11.9%	13.8%	12.0%

Source: Department of Revenue

Remote Sellers

State Sales Tax Reported by Remote Sellers - September 2020

[2019-2018 State Sales Tax Reported by Remote Seller.pdf](#)

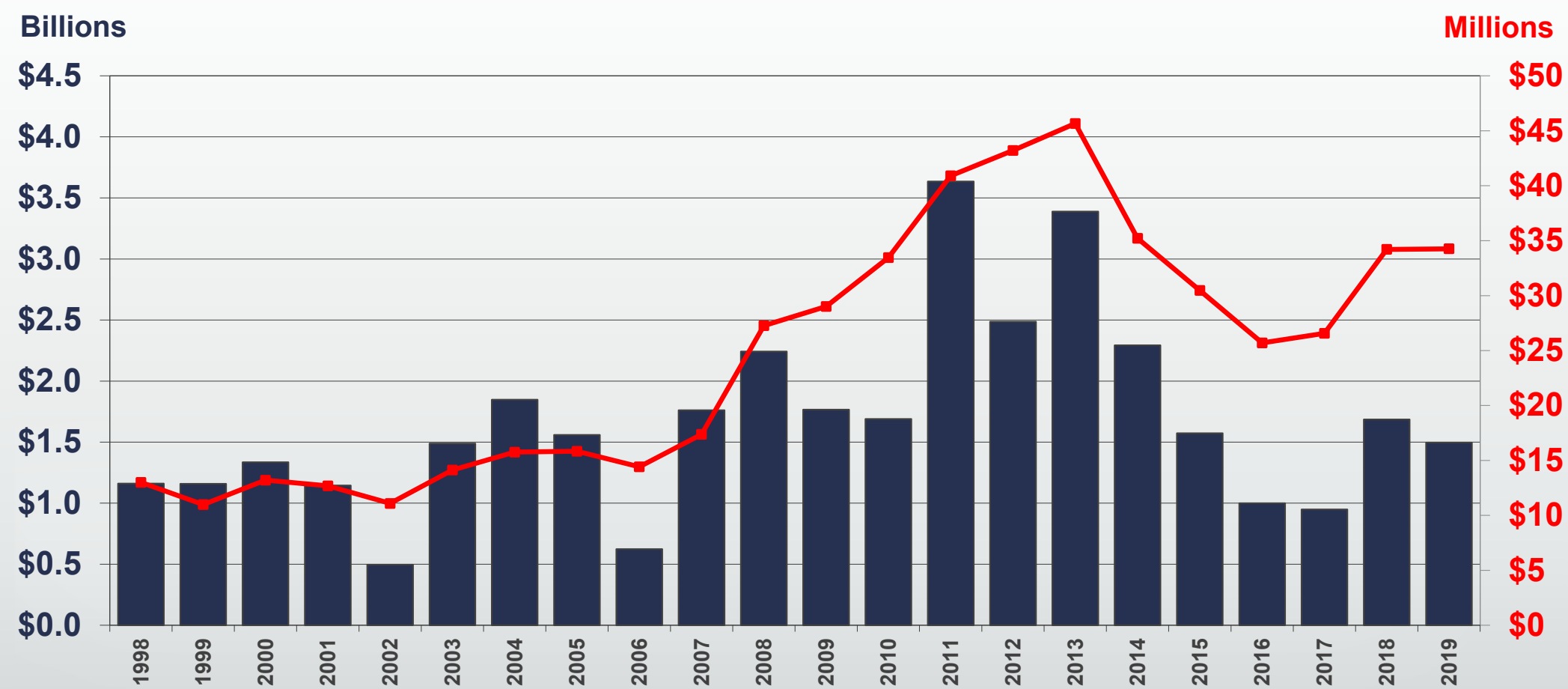
Current Year		Previous Year		\$ Change YoY
Jan 2020	\$10,200,715	Jan 2019	\$8,353,613	\$1,847,102
Feb 2020	\$6,102,724	Feb 2019	\$5,833,018	\$269,706
Mar 2020	\$5,388,964	Mar 2019	\$5,169,870	\$219,094
Apr 2020	\$6,727,771	Apr 2019	\$7,642,065	(\$914,294)
May 2020	\$6,682,485	May 2019	\$7,418,818	(\$736,333)
Jun 2020	\$6,390,215	Jun 2019	\$7,068,777	(\$678,562)
Jul 2020	\$9,233,140	Jul 2019	\$8,515,404	\$717,736
Aug 2020	\$7,245,647	Aug 2019	\$5,864,579	\$1,381,068
Sep 2020	\$6,628,789	Sep 2019	\$5,887,312	\$741,477

City Sales Tax Reported by Remote Sellers - September 2020

[2019-2018 City Sales Tax Reported by Remote Seller.pdf](#)

Current Year		Previous Year		\$ Change YoY
Jan 2020	\$3,729,021	Jan 2019	\$3,386,816	\$342,205
Feb 2020	\$2,399,905	Feb 2019	\$2,171,262	\$228,643
Mar 2020	\$2,115,285	Mar 2019	\$2,011,840	\$103,445
Apr 2020	\$2,528,599	Apr 2019	\$3,021,445	(\$492,846)
May 2020	\$2,384,442	May 2019	\$2,805,377	(\$420,935)
Jun 2020	\$2,300,943	Jun 2019	\$2,624,545	(\$323,602)
Jul 2020	\$3,108,742	Jul 2019	\$3,153,622	(\$44,880)
Aug 2020	\$2,582,592	Aug 2019	\$2,185,508	\$397,084
Sep 2020	\$2,312,653	Sep 2019	\$2,150,362	\$162,291

South Dakota Net Farm Income v Sales Tax on Farm Machinery



Source: BEA and SD Bureau of Finance and Management

Other Discussion Items

- Next Meeting Dates
 - January
- Other Comments
- Public Comment