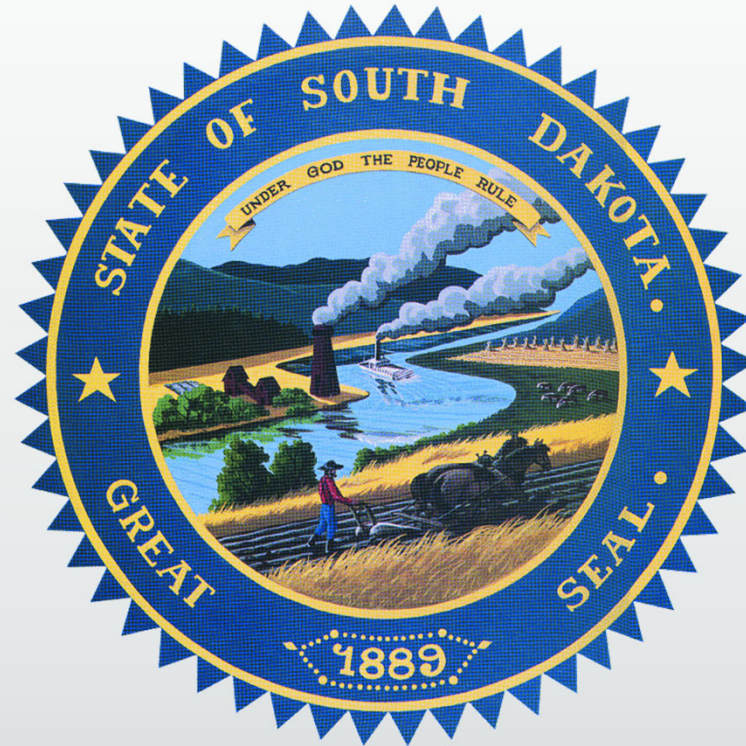


# Governor's Council of Economic Advisors



South Dakota Bureau Of Finance and Management  
January 25th, 2022

# Governor's Council of Economic Advisors

## REVENUES

# FY2022 Legislative Adopted v. Actual

## Legislative Adopted FY2022 Estimate (Feb. 2021) vs. Actual Revenues Year-to-Date Through DECEMBER FY2022 Comparison

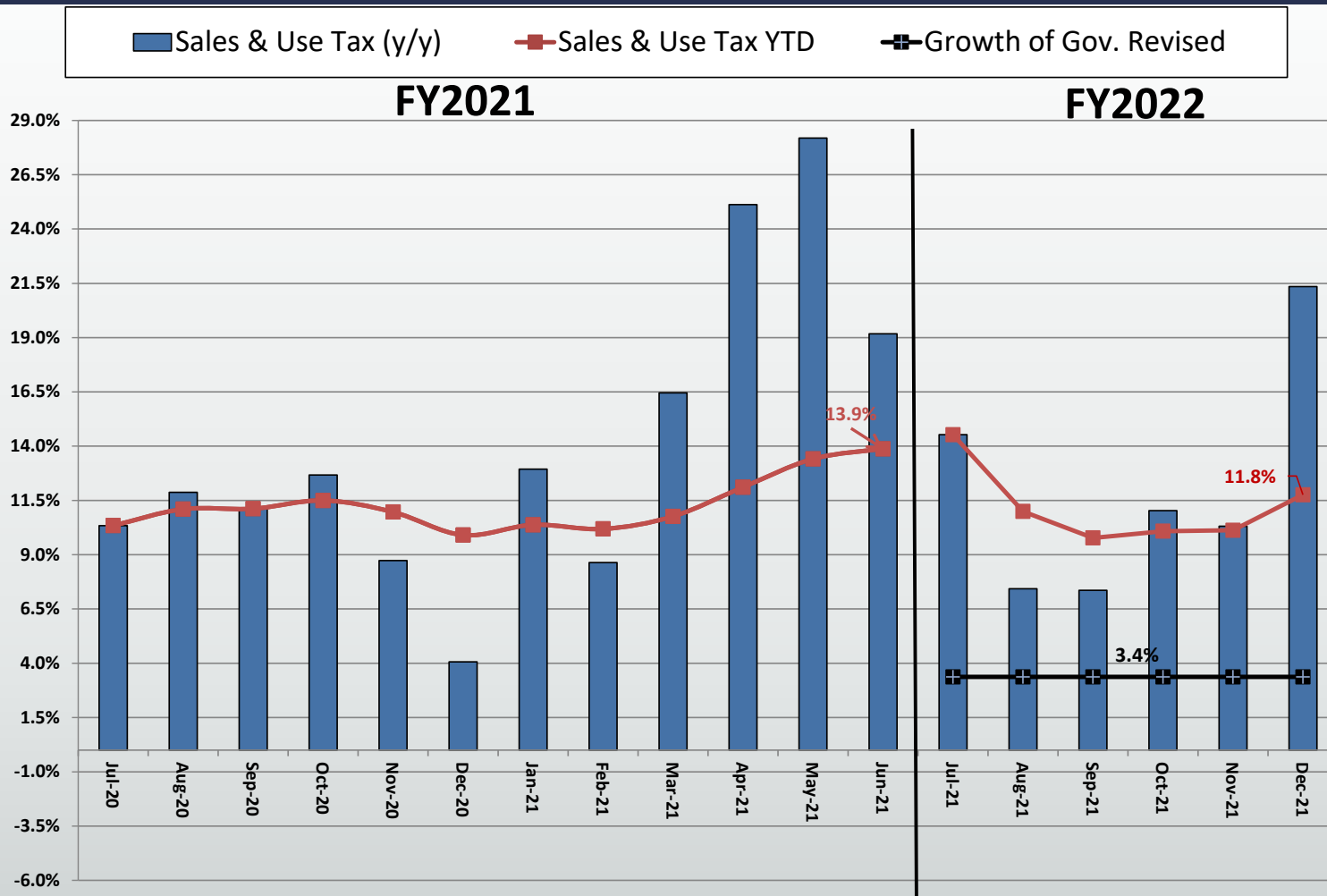
	Leg. Adopted DECEMBER YTD FY2022	Actual DECEMBER YTD FY2022	DOLLAR CHANGE	YTD % Chg. Actual/Adopt Comparison
<b>ONGOING RECEIPTS</b>				
Net Sales and Use Tax (excl. cost of admin)	602,538,134	694,821,313	92,283,178	15.3%
Lottery	63,130,576	73,842,420	10,711,844	17.0%
Net Contractor's Excise Tax	83,019,083	85,807,304	2,788,221	3.4%
Insurance Company Tax	45,131,919	45,132,253	333	0.0%
Unclaimed Property Receipts	53,911,820	55,144,294	1,232,475	2.3%
Licenses, Permits, and Fees	16,928,473	16,666,053	(262,420)	-1.6%
Tobacco Taxes	30,000,000	28,942,988	(1,057,012)	-3.5%
Trust Funds	29,424,278	29,512,894	88,616	0.3%
Net Transfers In (excluding one-time)	12,332,303	13,691,007	1,358,704	11.0%
Alcohol Beverage Tax	2,439,031	2,550,694	111,663	4.6%
Bank Franchise Tax	1,604,802	3,839,941	2,235,138	139.3%
Charges for Goods and Services	7,838,946	6,031,107	(1,807,840)	-23.1%
Telecommunications Tax	1,900,273	1,188,537	(711,736)	-37.5%
Severance Taxes	4,392,938	5,079,192	686,255	15.6%
Investment Income and Interest	11,142,252	19,470,089	8,327,837	74.7%
Alcohol Beverage 2% Wholesale Tax	1,357,950	1,470,456	112,506	8.3%
<b>SUBTOTAL (ONGOING RECEIPTS)</b>	<b>\$ 967,092,778</b>	<b>\$ 1,083,190,541</b>	<b>\$ 116,097,762</b>	<b>12.0%</b>
<b>ONE-TIME RECEIPTS</b>				
One-Time Sales and Use Tax	25,000,000	28,305,843	3,305,843	13.2%
One-Time Unclaimed Property	-	14,887,304	14,887,304	N/A
<b>SUBTOTAL (ONE-TIME RECEIPTS)</b>	<b>\$ 25,000,000</b>	<b>\$ 43,193,147</b>	<b>\$ 18,193,147</b>	<b>72.8%</b>
<b>GRAND TOTAL</b>	<b>\$ 992,092,778</b>	<b>\$ 1,126,383,688</b>	<b>\$ 134,290,909</b>	<b>13.5%</b>

# FY2022 Governor's Revised v. Actual

## Governor Revised FY2022 Estimate (Nov. 2021) vs. Actual Revenues Year-To-Date Through DECEMBER FY2022 Comparison

	Gov. Revised YTD FY2022	Actual YTD FY2022	DOLLAR CHANGE	YTD % Chg. Actual/Revised Comparison
<b>ONGOING RECEIPTS</b>				
Net Sales and Use Tax (excl. cost of admin)	674,118,895	694,821,313	20,702,418	3.1%
Lottery	72,332,299	73,842,420	1,510,121	2.1%
Net Contractor's Excise Tax	86,161,165	85,807,304	(353,861)	-0.4%
Insurance Company Tax	46,966,922	45,132,253	(1,834,669)	-3.9%
Unclaimed Property Receipts	48,142,679	55,144,294	7,001,615	14.5%
Licenses, Permits, and Fees	17,697,199	16,666,053	(1,031,146)	-5.8%
Tobacco Taxes	27,685,107	28,942,988	1,257,881	4.5%
Trust Funds	29,512,894	29,512,894	0	0.0%
Net Transfers In (excluding one-time)	13,468,581	13,691,007	222,426	1.7%
Alcohol Beverage Tax	2,544,466	2,550,694	6,228	0.2%
Bank Franchise Tax	2,451,036	3,839,941	1,388,905	56.7%
Charges for Goods and Services	6,545,103	6,031,107	(513,997)	-7.9%
Telecommunications Tax	1,225,386	1,188,537	(36,849)	-3.0%
Severance Taxes	2,738,836	5,079,192	2,340,356	85.5%
Investment Income and Interest	19,511,906	19,470,089	(41,817)	-0.2%
Alcohol Beverage 2% Wholesale Tax	1,442,581	1,470,456	27,875	1.9%
<b>SUBTOTAL (ONGOING RECEIPTS)</b>	<b>\$ 1,052,545,055</b>	<b>\$ 1,083,190,541</b>	<b>\$ 30,645,486</b>	<b>2.9%</b>
<b>ONE-TIME RECEIPTS</b>				
One Time Sales and Use Tax	28,305,843	28,305,843	0	0.0%
One-Time Unclaimed Property	14,887,304	14,887,304	0	0.0%
<b>SUBTOTAL (ONE-TIME RECEIPTS)</b>	<b>\$ 43,193,147</b>	<b>\$ 43,193,147</b>	<b>\$ -</b>	<b>0.0%</b>
<b>GRAND TOTAL</b>	<b>\$ 1,095,738,202</b>	<b>\$ 1,126,383,688</b>	<b>\$ 30,645,486</b>	<b>2.8%</b>

# Recent Sales & Use Tax Growth Rates



**Governor's Council of Economic Advisors**

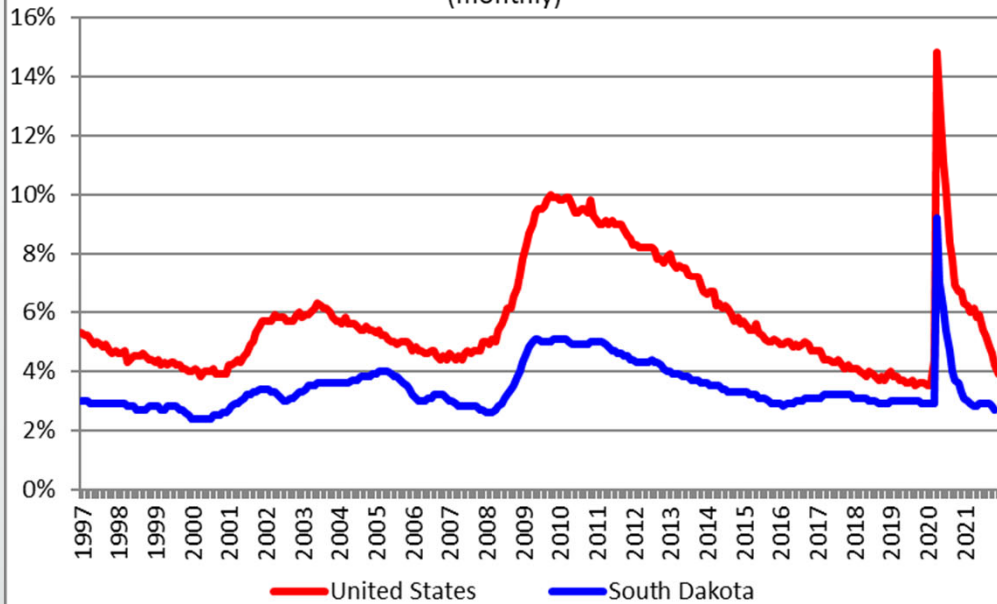
**ECONOMIC  
PERFORMANCE**



# Economic Metrics

## Unemployment Rate

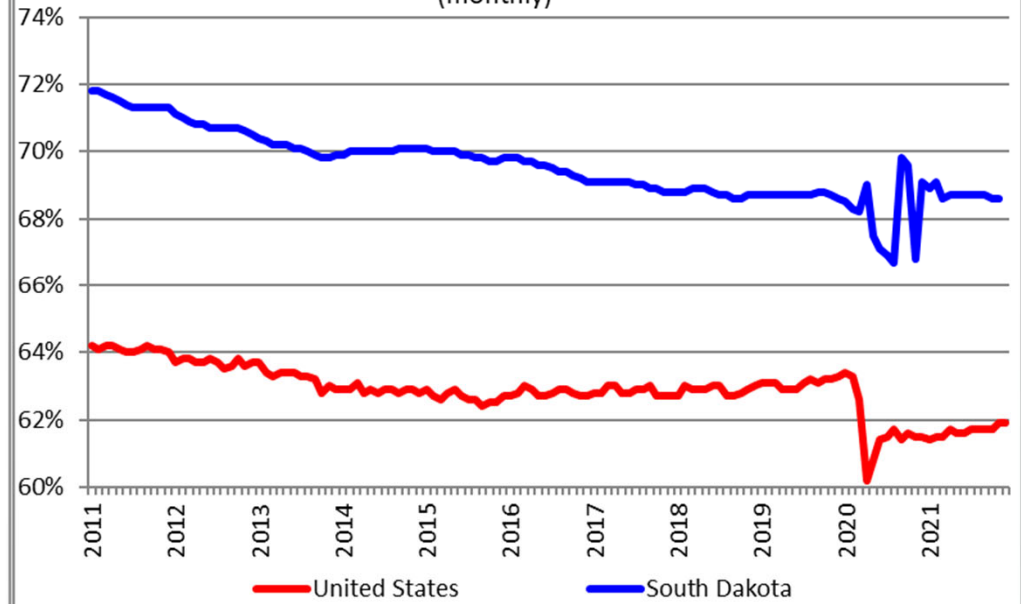
(monthly)



Unemployment Rates: US (Dec.) = 3.9% SD (Nov.) = 2.7%

## Labor Force Participation Rate

(monthly)



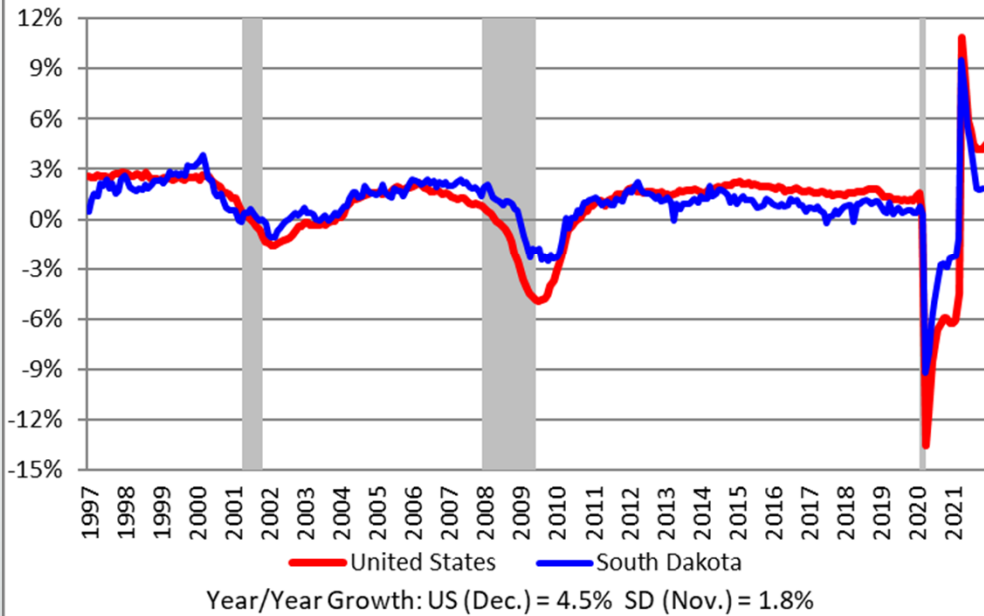
Labor Force Participation Rates: US (Dec.) = 61.9% SD (Nov.) = 68.6%



# Economic Metrics

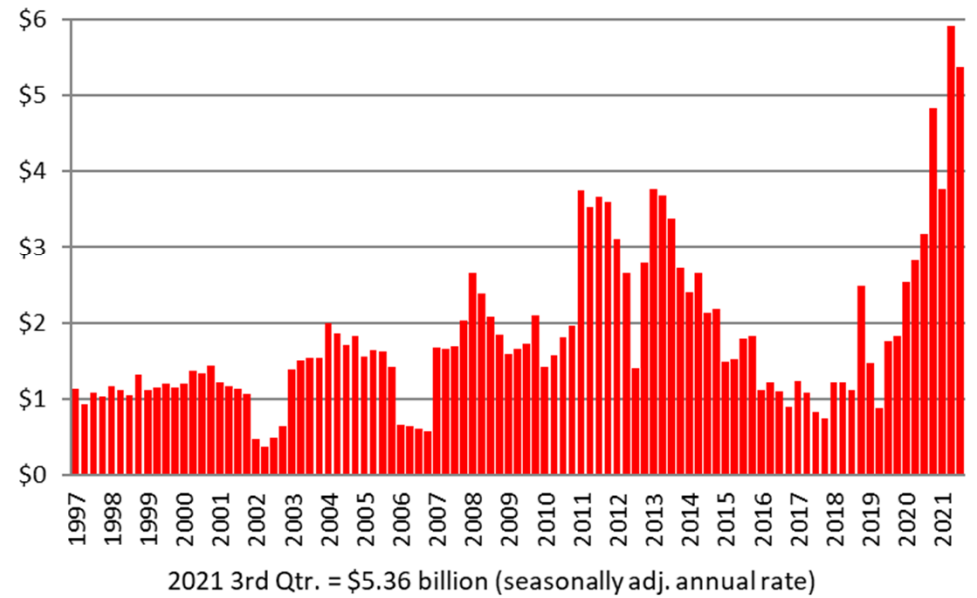
## Nonfarm Employment Growth

(monthly year/year % chg)



## South Dakota Farm Income

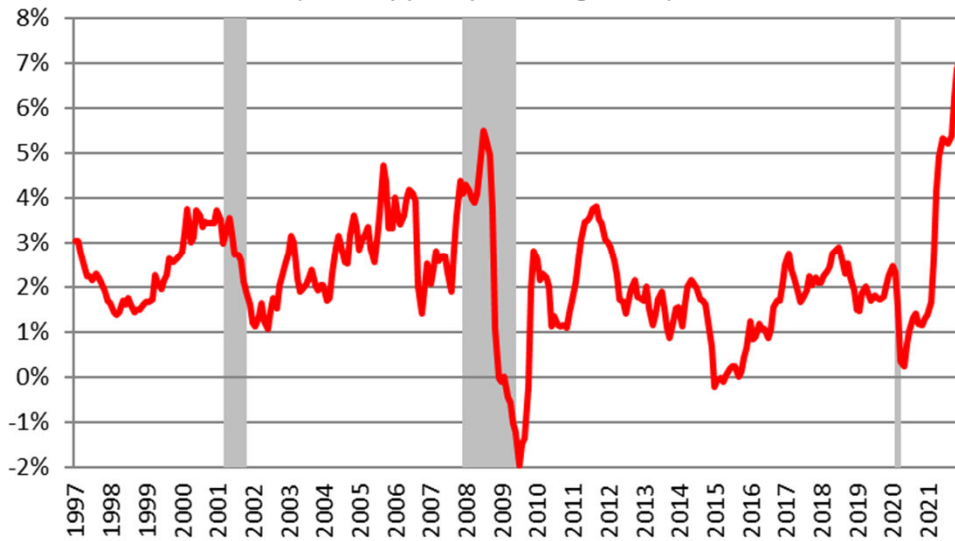
(quarterly levels at SAAR in billions)



# Economic Metrics

## U.S. Inflation

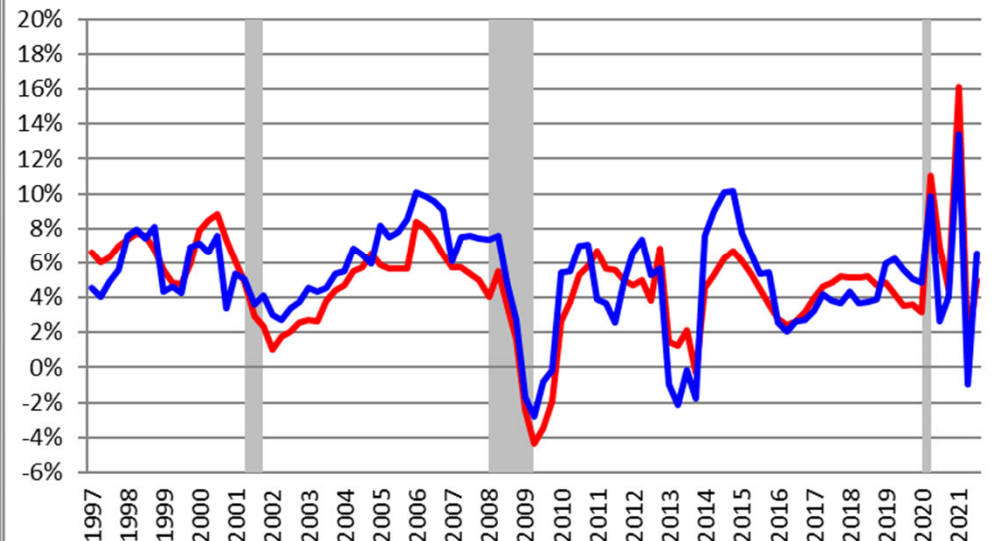
(monthly year/year % chg. in CPI)



December CPI: +7.1% compared to last year

## Nonfarm Income Growth

(quarterly year/year % chg)



— United States — South Dakota  
2021 3rd Qtr. y/y growth: US = 5.0% SD = 6.5%

# IHS Economics Forecast for U.S. Economy Key Indicators ( January '22)

	2017	2018	2019	2020	2021 f	2022 f	2023 f	'10-'20 avg.
Real GDP Growth	2.3%	2.9%	2.3%	-3.4%	5.7%	4.1%	2.5%	1.7%
Nonfarm Employment	1.6%	1.6%	1.4%	-5.7%	2.7%	3.7%	1.3%	0.9%
Personal Income	4.7%	5.1%	4.1%	6.5%	7.2%	1.3%	4.8%	4.5%
Unemployment Rate	4.4%	3.9%	3.7%	8.1%	5.4%	3.7%	3.6%	6.4%

# IHS Economics Forecast for U.S. Economy Key Indicators ( January '22)

Optimistic Scenario			Pessimistic Scenario			
	2022 f	2023 f		2022 f	2023 f	'10-'20 avg.
Real GDP Growth	<b>5.8%</b>	<b>3.2%</b>		2.7%	2.5%	1.7%
Nonfarm Employment	<b>4.3%</b>	<b>1.1%</b>		2.8%	1.4%	0.9%
Personal Income	<b>2.7%</b>	<b>5.7%</b>		-0.4%	4.0%	4.5%
Unemployment Rate	<b>3.4%</b>	<b>3.4%</b>		4.5%	4.3%	6.4%

# IHS Economics Forecast for South Dakota Key Indicators ( January '22)

	2017	2018	2019	2020	2021 f	2022 f	2023 f	'10-'20 avg.
SD Real GDP Growth	-0.4%	1.3%	0.4%	0.1%	4.5%	2.3%	2.3%	1.4%
SD Nonfarm Employment	0.4%	0.9%	0.6%	-3.4%	2.5%	2.0%	1.2%	0.6%
SD Nonfarm Income	3.7%	3.9%	5.7%	5.3%	5.3%*	0.6%*	4.9%*	4.5%
SD Housing Starts	5,030	4,764	4,078	6,010	6,944	5,197	4,622	4,450
SD Unempl. Rate	3.1%	2.9%	3.0%	4.7%	2.9%	2.7%	2.8%	3.7%

\* The most recent forecast available for SD Nonfarm Income is from October 2021.

**Governor's Council of Economic Advisors**

**Council  
Discussion**

# Other Discussion Items

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