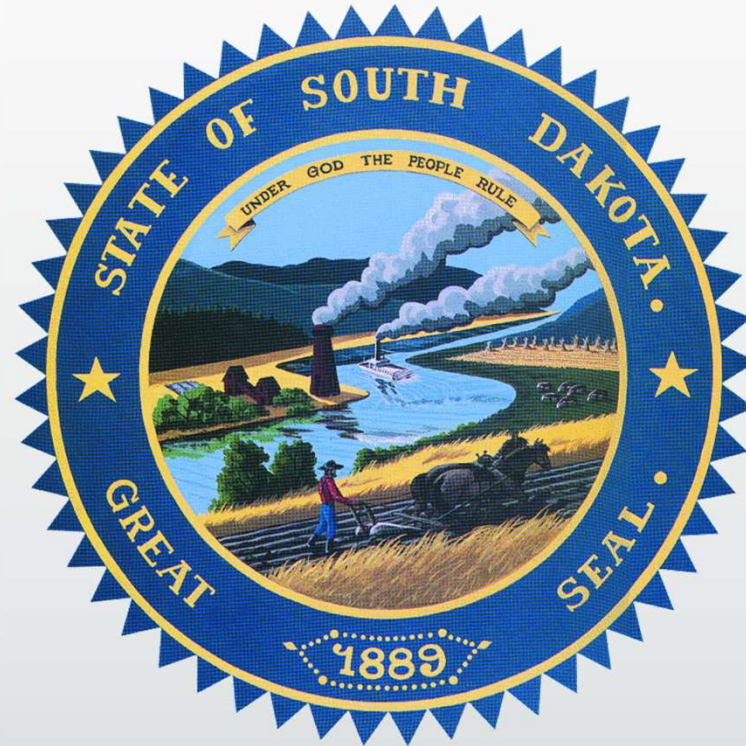


Governor's Council of Economic Advisors



South Dakota Bureau Of Finance and Management
May 18th, 2022

Governor's Council of Economic Advisors

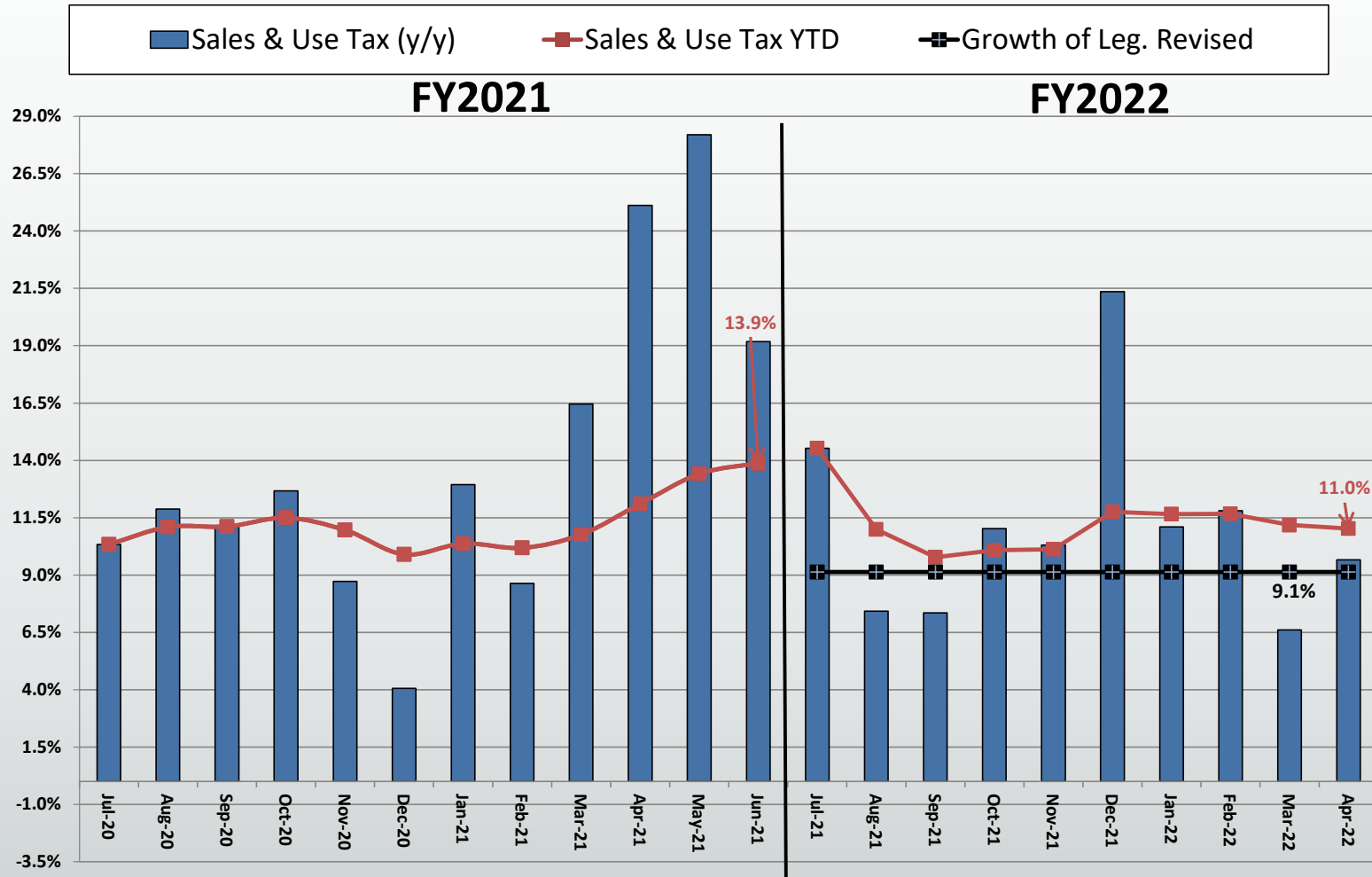
REVENUES

FY2022 Legislative Revised v. Actual

Legislative Adopted FY2022 Estimate (Feb. 2022) vs. Actual Revenues Year-to-Date Through APRIL FY2022 Comparison

| | Leg. Adopted APRIL YTD FY2022 | Actual APRIL YTD FY2022 | DOLLAR CHANGE | YTD % Chg. Actual/Adopt Comparison |
|---|-------------------------------------|-------------------------------|----------------------|--|
| ONGOING RECEIPTS | | | | |
| Net Sales and Use Tax (excl. cost of admin) | 1,115,813,553 | 1,136,394,271 | 20,580,719 | 1.8% |
| Lottery | 133,155,513 | 134,529,286 | 1,373,773 | 1.0% |
| Net Contractor's Excise Tax | 128,826,781 | 133,878,813 | 5,052,033 | 3.9% |
| Insurance Company Tax | 93,794,151 | 94,956,861 | 1,162,710 | 1.2% |
| Unclaimed Property Receipts | 65,841,152 | 64,728,748 | (1,112,404) | -1.7% |
| Licenses, Permits, and Fees | 52,775,541 | 54,344,568 | 1,569,027 | 3.0% |
| Tobacco Taxes | 40,775,314 | 39,648,555 | (1,126,759) | -2.8% |
| Trust Funds | 29,512,894 | 29,512,894 | 0 | 0.0% |
| Net Transfers In (excluding one-time) | 18,742,516 | 18,961,480 | 218,963 | 1.2% |
| Alcohol Beverage Tax | 6,852,226 | 7,016,929 | 164,703 | 2.4% |
| Bank Franchise Tax | 15,822,444 | 20,901,231 | 5,078,787 | 32.1% |
| Charges for Goods and Services | 11,502,969 | 10,906,269 | (596,700) | -5.2% |
| Telecommunications Tax | 2,189,342 | 2,086,845 | (102,497) | -4.7% |
| Severance Taxes | 6,705,989 | 6,878,513 | 172,524 | 2.6% |
| Investment Income and Interest | 19,508,584 | 19,498,586 | (9,998) | -0.1% |
| Alcohol Beverage 2% Wholesale Tax | 2,199,186 | 2,400,298 | 201,113 | 9.1% |
| SUBTOTAL (ONGOING RECEIPTS) | \$ 1,744,018,154 | \$ 1,776,644,147 | \$ 32,625,993 | 1.9% |
| ONE-TIME RECEIPTS | | | | |
| Bank Franchise Tax Prior Year Revenue | 416,316 | 416,316 | 0 | 0.0% |
| One-Time Sales and Use Tax | 28,305,843 | 28,305,843 | 0 | 0.0% |
| SUBTOTAL (ONE-TIME RECEIPTS) | \$ 28,722,159 | \$ 28,722,159 | \$ 0 | 0.0% |
| GRAND TOTAL | \$ 1,772,740,314 | \$ 1,805,366,307 | \$ 32,625,993 | 1.8% |

Recent Sales & Use Tax Growth Rates



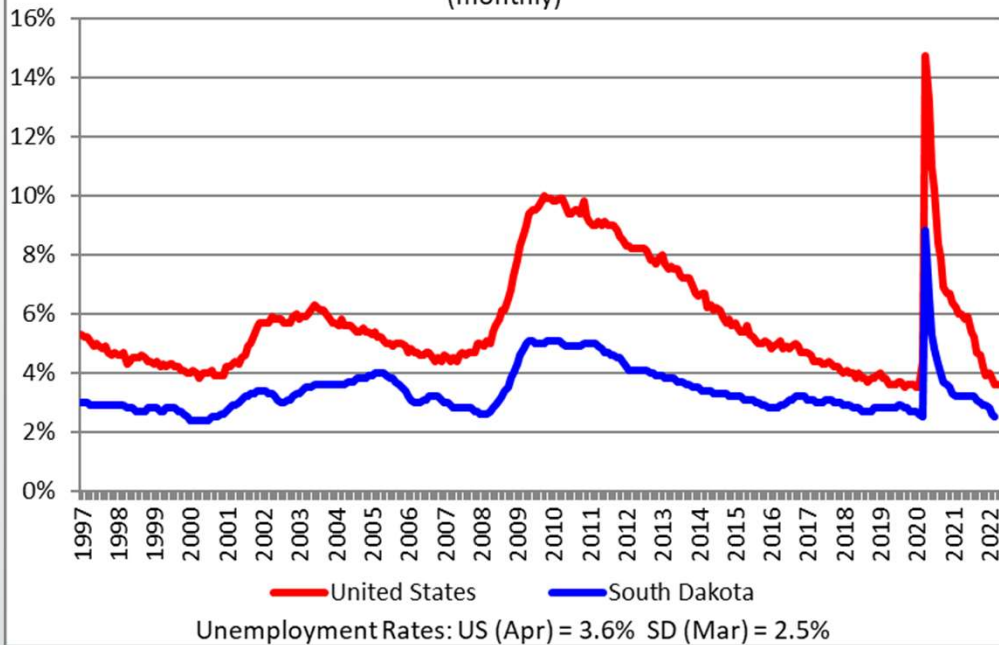
Governor's Council of Economic Advisors

**ECONOMIC
PERFORMANCE**

Economic Metrics

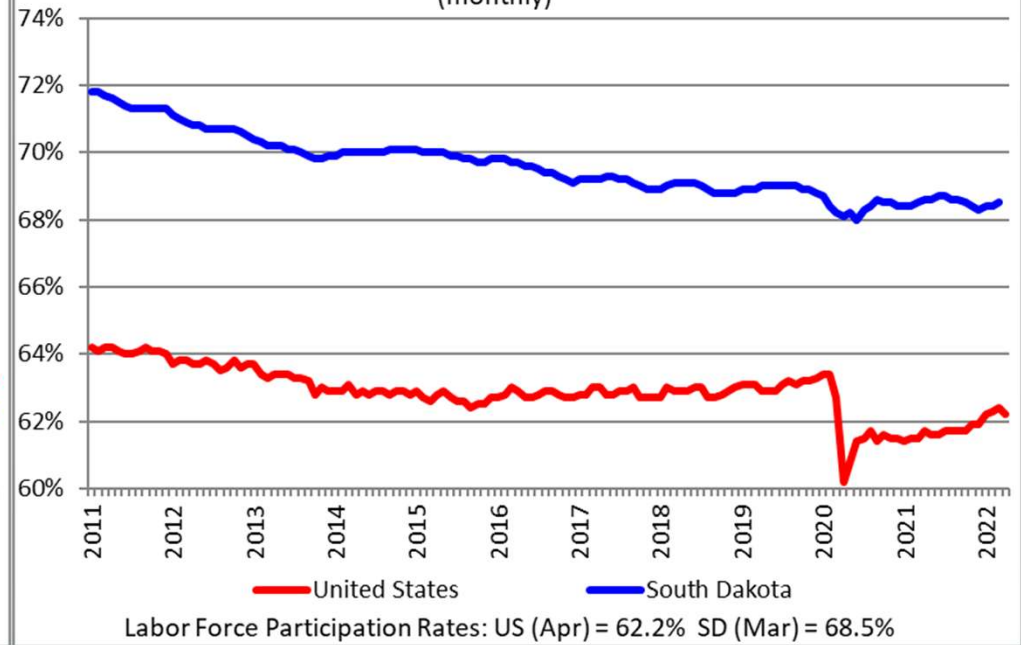
Unemployment Rate

(monthly)



Labor Force Participation Rate

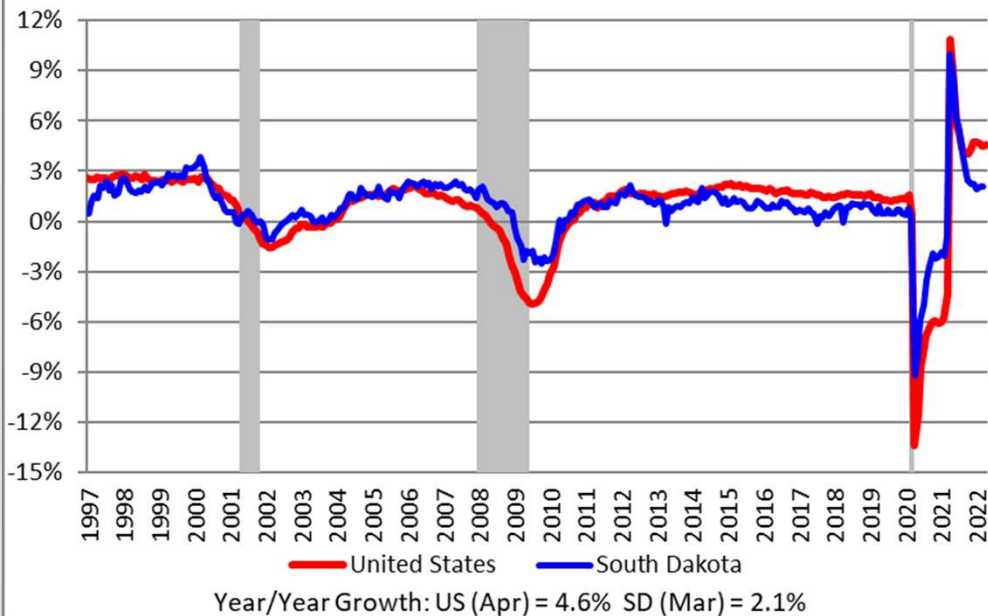
(monthly)



Economic Metrics

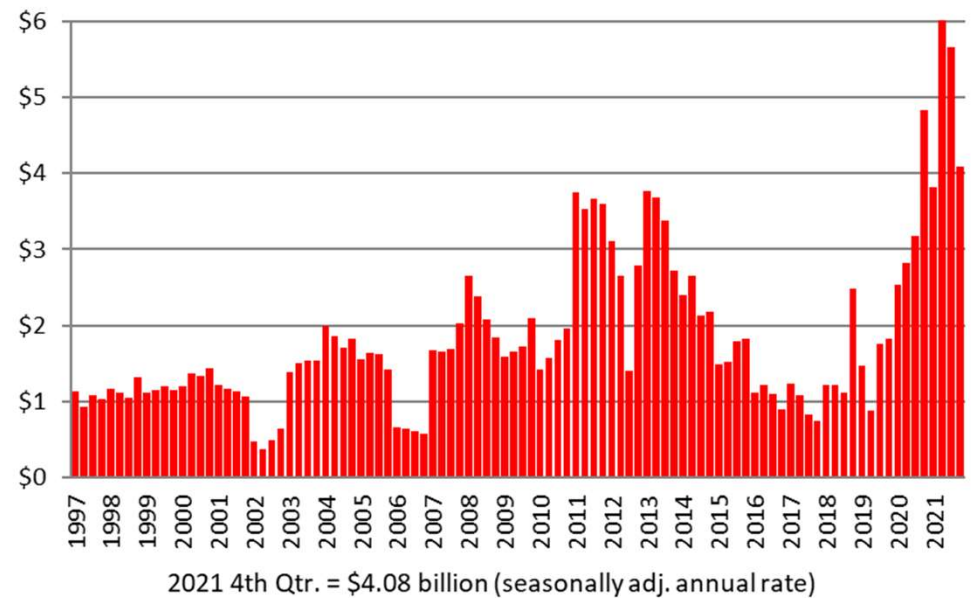
Nonfarm Employment Growth

(monthly year/year % chg)



South Dakota Farm Income

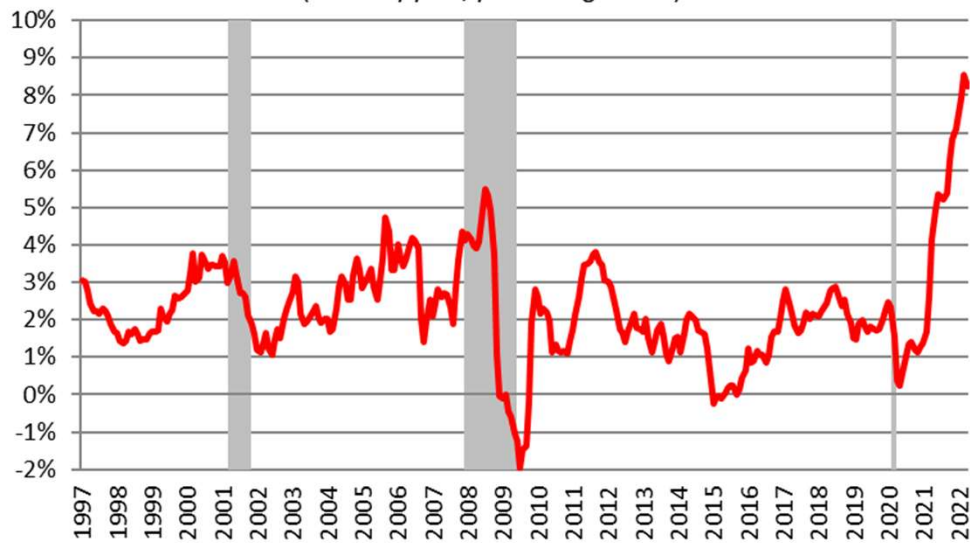
(quarterly levels at SAAR in billions)



Economic Metrics

U.S. Inflation

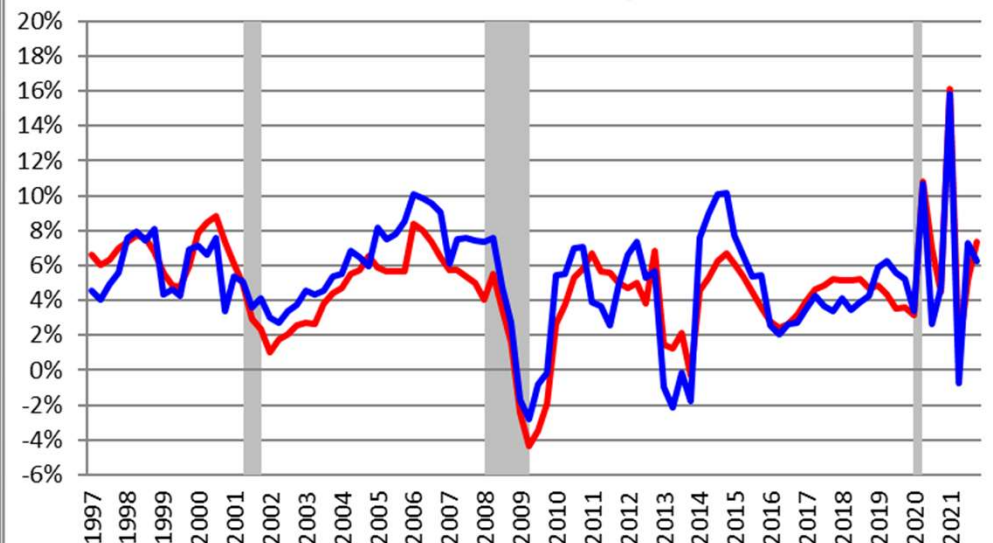
(monthly year/year % chg. in CPI)



April CPI: +8.2% compared to last year

Nonfarm Income Growth

(quarterly year/year % chg)



United States South Dakota
2021 4th Qtr. y/y growth: US = 7.3% SD = 6.2%

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

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 f | 2023 f | '11-'21 avg. |
|--------------------|------|------|------|-------|------|--------|--------|--------------|
| Real GDP Growth | 2.3% | 2.9% | 2.3% | -3.4% | 5.7% | 2.4% | 2.4% | 2.0% |
| Nonfarm Employment | 1.6% | 1.6% | 1.4% | -5.8% | 2.8% | 3.9% | 0.9% | 1.1% |
| Personal Income | 4.7% | 5.1% | 4.1% | 6.5% | 7.4% | 2.7% | 5.0% | 4.8% |
| Unemployment Rate | 4.4% | 3.9% | 3.7% | 8.1% | 5.4% | 3.6% | 4.0% | 6.0% |

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

| Optimistic Scenario | | | Pessimistic Scenario | | | |
|---------------------|-------------|-------------|----------------------|-------------|--------------|--------------|
| | 2022 f | 2023 f | | 2022 f | 2023 f | '11-'21 avg. |
| Real GDP Growth | 3.1% | 3.3% | | 1.2% | 0.1% | 2.0% |
| Nonfarm Employment | 4.1% | 1.0% | | 3.7% | -0.4% | 1.1% |
| Personal Income | 3.2% | 6.2% | | 2.5% | 3.5% | 4.8% |
| Unemployment Rate | 3.4% | 3.7% | | 3.9% | 5.3% | 6.0% |

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

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 f | 2023 f | '11-'21 avg. |
|-----------------------|-------|-------|-------|-------|-------|--------------|--------------|--------------|
| SD Real GDP Growth | -0.4% | 1.3% | 0.4% | 0.1% | 4.9% | 0.6% | 2.9% | 1.8% |
| SD Nonfarm Employment | 0.4% | 0.9% | 0.6% | -3.3% | 3.2% | 1.6% | 1.3% | 0.8% |
| SD Nonfarm Income | 3.7% | 3.9% | 5.7% | 5.3% | 7.0% | 2.9% | 7.0% | 4.8% |
| SD Housing Starts | 5,027 | 4,766 | 4,084 | 6,032 | 7,319 | 5,759 | 5,221 | 4,850 |
| SD Unempl. Rate | 3.1% | 2.8% | 2.8% | 4.4% | 3.1% | 2.6% | 2.7% | 3.4% |

Governor's Council of Economic Advisors

South Dakota
Investment Council
Presentation

Governor's Council of Economic Advisors

**Council
Discussion**

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

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 f | 2023 f | '11-'21 avg. |
|--------------------|------|------|------|-------|------|--------|--------|--------------|
| Real GDP Growth | 2.3% | 2.9% | 2.3% | -3.4% | 5.7% | 2.4% | 2.4% | 2.0% |
| Nonfarm Employment | 1.6% | 1.6% | 1.4% | -5.8% | 2.8% | 3.9% | 0.9% | 1.1% |
| Personal Income | 4.7% | 5.1% | 4.1% | 6.5% | 7.4% | 2.7% | 5.0% | 4.8% |
| Unemployment Rate | 4.4% | 3.9% | 3.7% | 8.1% | 5.4% | 3.6% | 4.0% | 6.0% |

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

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 f | 2023 f | '11-'21 avg. |
|-----------------------|-------|-------|-------|-------|-------|--------------|--------------|--------------|
| SD Real GDP Growth | -0.4% | 1.3% | 0.4% | 0.1% | 4.9% | 0.6% | 2.9% | 1.8% |
| SD Nonfarm Employment | 0.4% | 0.9% | 0.6% | -3.3% | 3.2% | 1.6% | 1.3% | 0.8% |
| SD Nonfarm Income | 3.7% | 3.9% | 5.7% | 5.3% | 7.0% | 2.9% | 7.0% | 4.8% |
| SD Housing Starts | 5,027 | 4,766 | 4,084 | 6,032 | 7,319 | 5,759 | 5,221 | 4,850 |
| SD Unempl. Rate | 3.1% | 2.8% | 2.8% | 4.4% | 3.1% | 2.6% | 2.7% | 3.4% |

Other Discussion Items

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