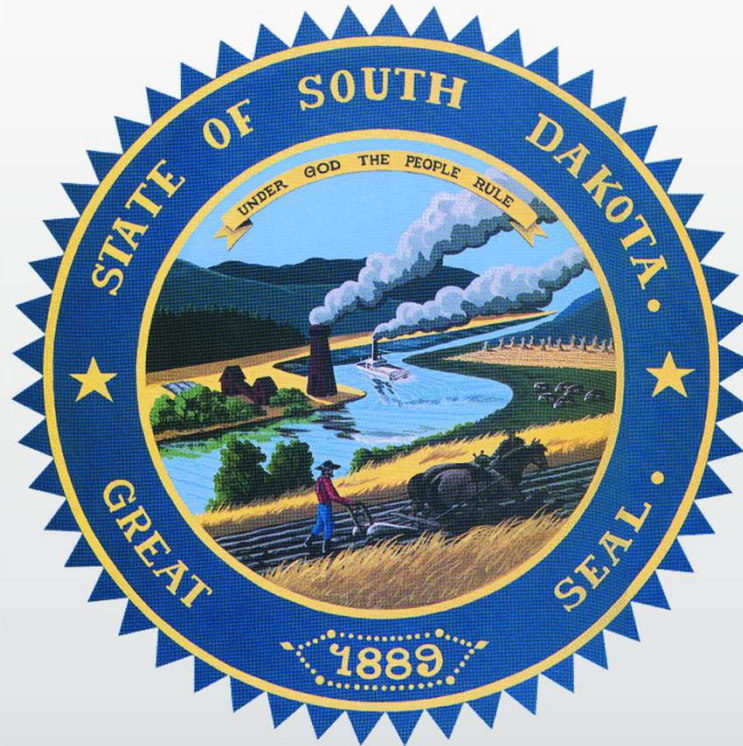


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South Dakota Bureau Of Finance and Management
May 19th, 2021

Governor's Council of Economic Advisors

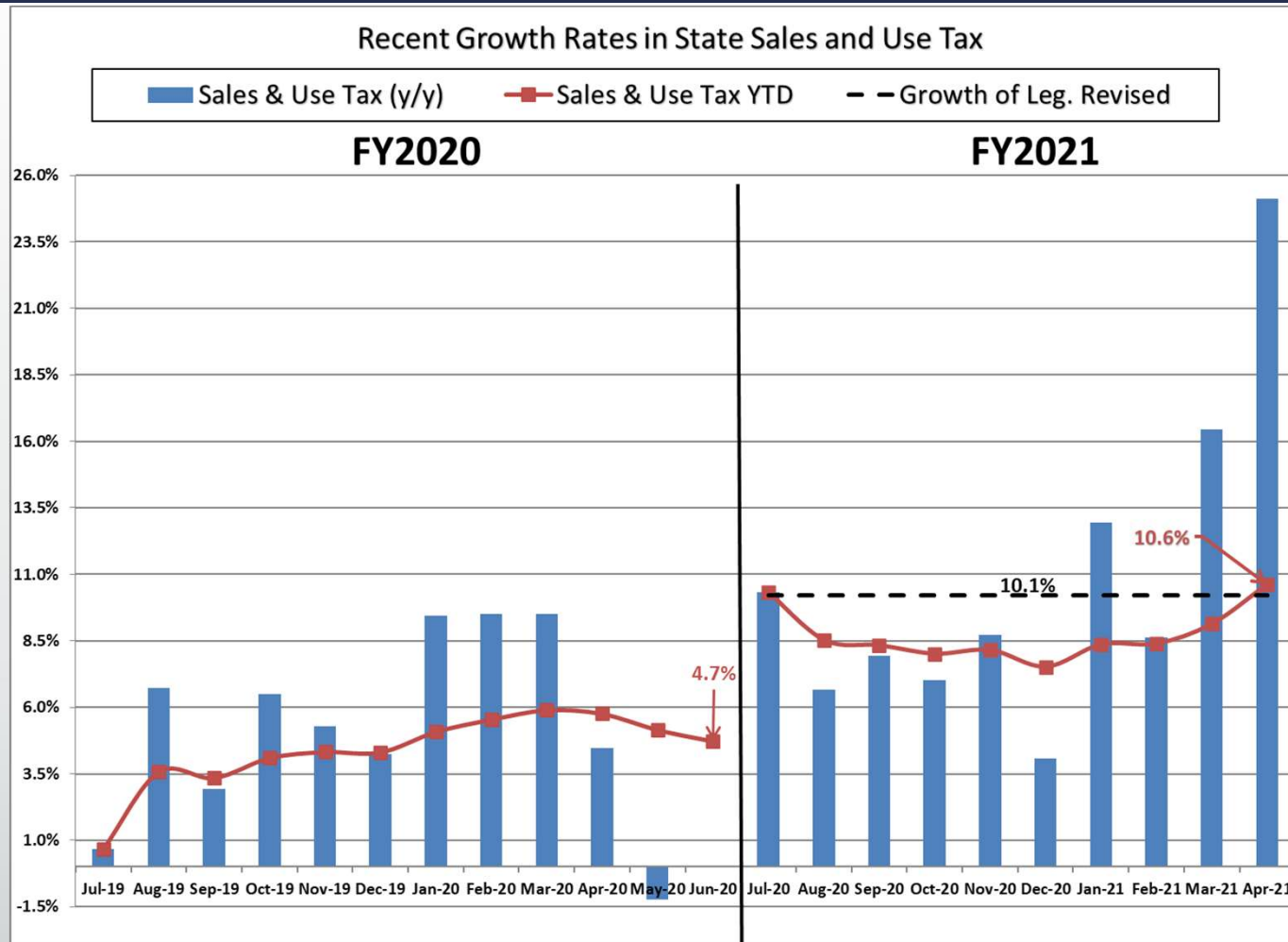
REVENUES

FY2021 Legislative Adopted v. Actual

Legislative Adopted FY2021 Estimate (Feb. 2021) vs. Actual Revenues Year-to-Date Through APRIL FY2021 Comparison

	Leg. Adopted APRIL FY2021	Actual APRIL FY2021	DOLLAR CHANGE	YTD % Chg. Actual/Adopt Comparison
ONGOING RECEIPTS				
Net Sales and Use Tax (excl. cost of admin)	984,707,098	1,010,077,669	25,370,571	2.6%
Lottery	112,363,954	113,397,016	1,033,063	0.9%
Net Contractor's Excise Tax	123,472,152	124,064,008	591,856	0.5%
Insurance Company Tax	91,984,972	92,418,456	433,483	0.5%
Unclaimed Property Receipts	60,395,376	63,444,362	3,048,986	5.0%
Licenses, Permits, and Fees	46,902,503	51,648,283	4,745,780	10.1%
Tobacco Taxes	42,189,826	42,042,443	(147,384)	-0.3%
Trust Funds	28,223,883	28,223,883	0	N/A
Net Transfers In (excluding one-time)	16,738,372	17,953,636	1,215,265	7.3%
Alcohol Beverage Tax	6,588,274	6,769,028	180,754	2.7%
Bank Franchise Tax	13,923,649	17,402,580	3,478,931	25.0%
Charges for Goods and Services	13,009,444	12,813,950	(195,494)	-1.5%
Telecommunications Tax	3,360,992	2,756,811	(604,181)	-18.0%
Severance Taxes	8,908,153	9,536,421	628,268	7.1%
Investment Income and Interest	18,400,619	18,402,416	1,797	0.0%
Alcohol Beverage 2% Wholesale Tax	2,176,788	2,183,053	6,265	0.3%
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,573,346,056	\$ 1,613,134,015	\$ 39,787,959	2.5%
ONE-TIME RECEIPTS				
Closeout of SDRC Inc. Funds	3,381,726	3,381,726	0	0.0%
Refinancing Gains	6,745,654	6,745,654	0	0.0%
One-Time Sales and Use Tax	13,486,289	13,486,289	0	0.0%
Bank Franchise Tax Prior Year Revenue	9,720,271	10,016,931	296,660	3.1%
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 33,333,940	\$ 33,630,600	\$ 296,660	0.9%
GRAND TOTAL	\$ 1,606,679,996	\$ 1,646,764,615	\$ 40,084,619	2.5%

Recent Sales & Use Tax Growth Rates



Taxable Sales by Division: Fiscal Year To Date

	FY20 YTD	FY21 YTD	% Change
Agriculture, Forestry, & Fishing	345,954,473	378,200,266	9.3%
Mining	64,187,871	58,088,577	-9.5%
Construction	26,366,294	27,072,521	2.7%
Manufacturing	1,044,692,166	1,542,128,141	47.6%
Transportation & Public Utilities	2,591,019,284	2,353,231,368	-9.2%
Wholesale Trade	1,472,896,749	2,031,077,730	37.9%
Retail Trade	10,401,881,220	11,833,202,689	13.8%
Finance, Insurance, & Real Estate	442,484,279	521,408,673	17.8%
Services	3,746,883,275	3,903,312,552	4.2%
Public Administration	2,434,740	2,858,766	17.4%
Total	20,138,800,351	22,650,581,283	12.5%

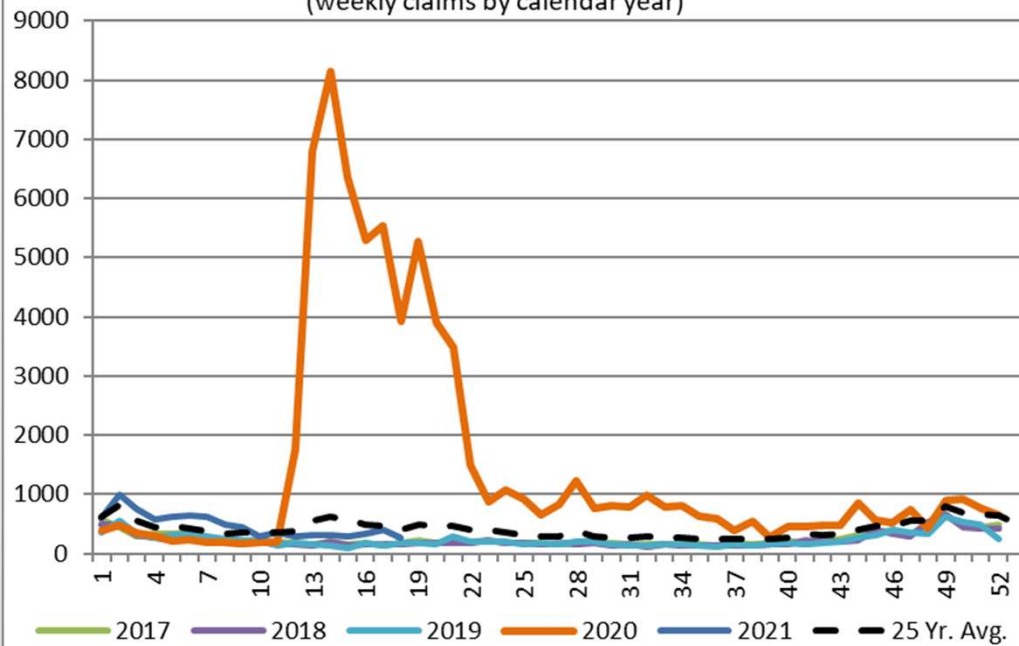
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ECONOMIC PERFORMANCE

Economic Metrics

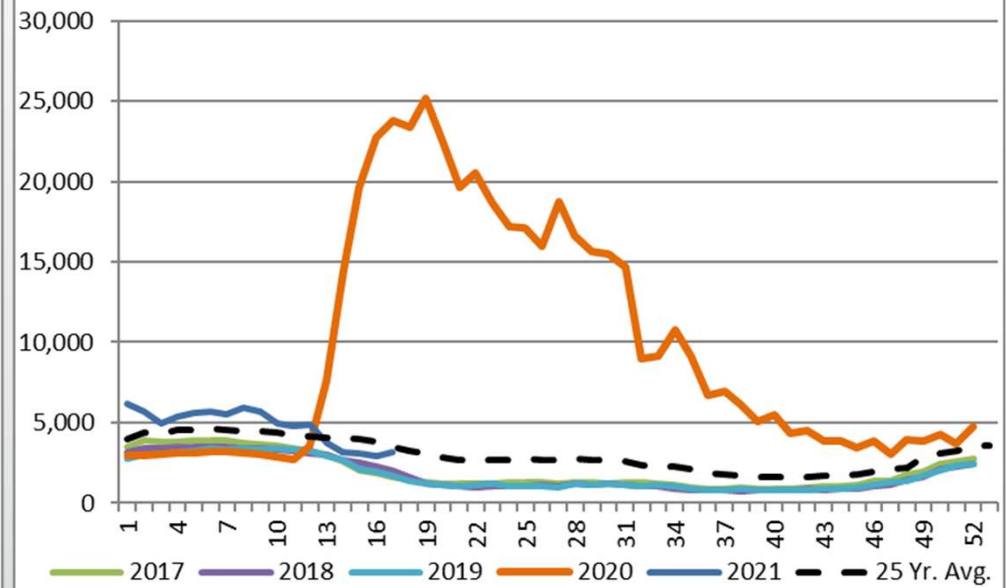
SD Initial Claims for Reemployment Assistance

(weekly claims by calendar year)



SD Continuing Claims for Reemployment Assistance

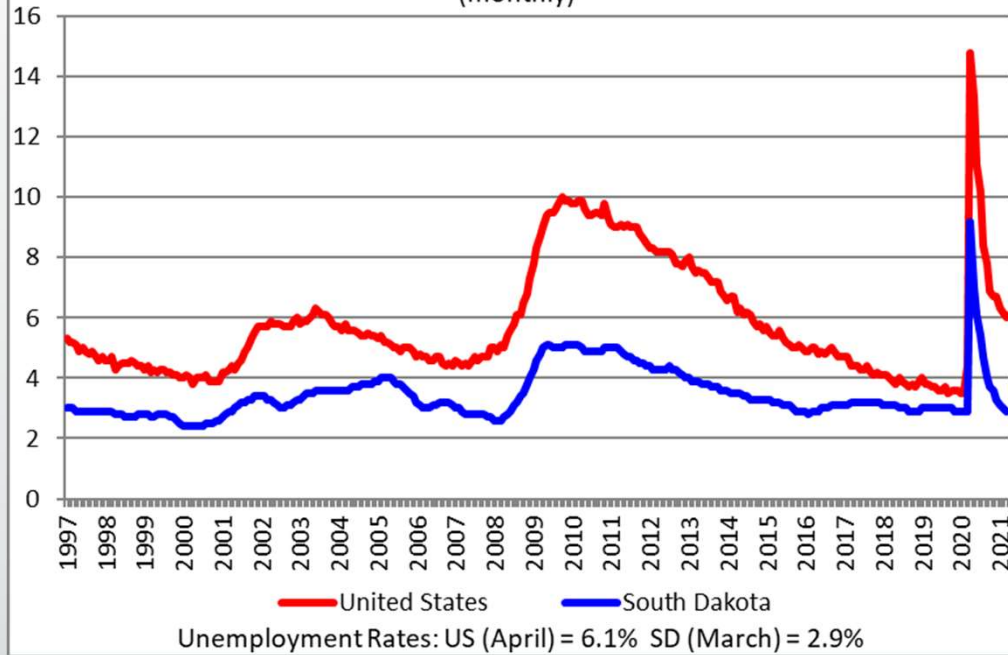
(weekly claims by calendar year)



Economic Metrics

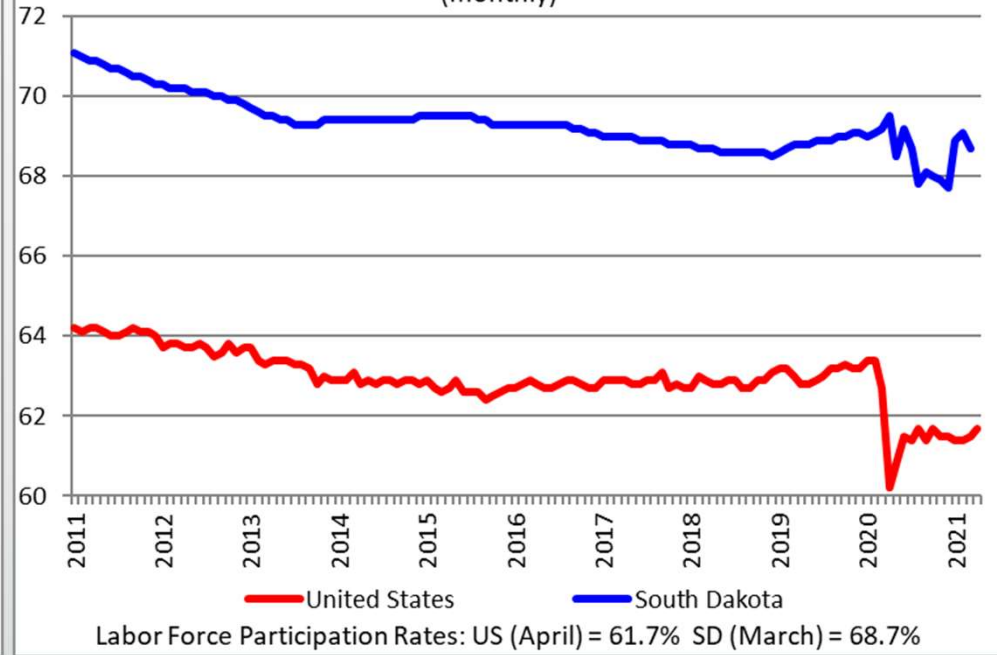
Unemployment Rate

(monthly)



Labor Force Participation Rate

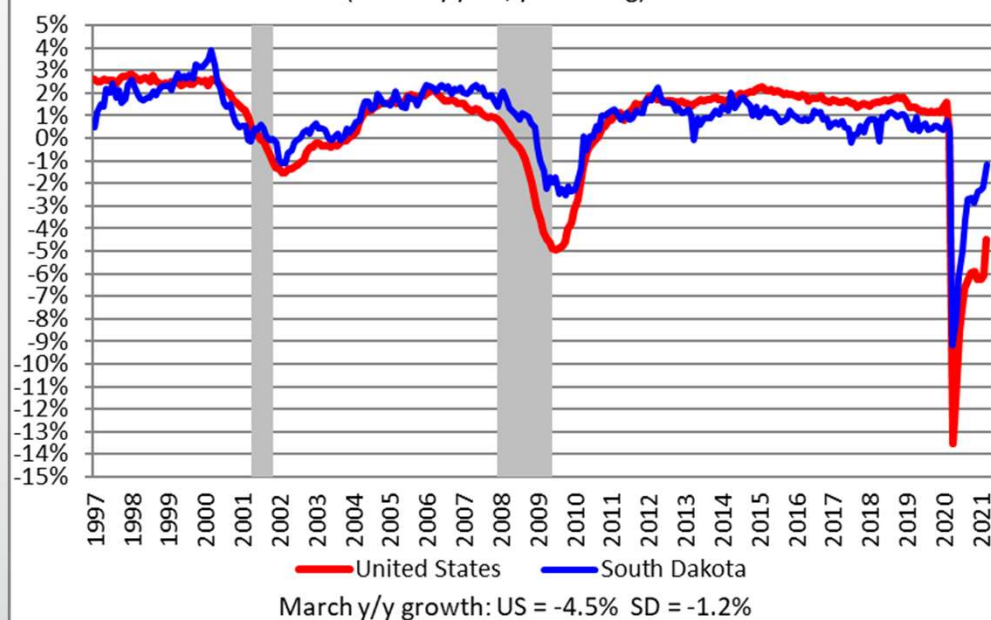
(monthly)



Economic Metrics

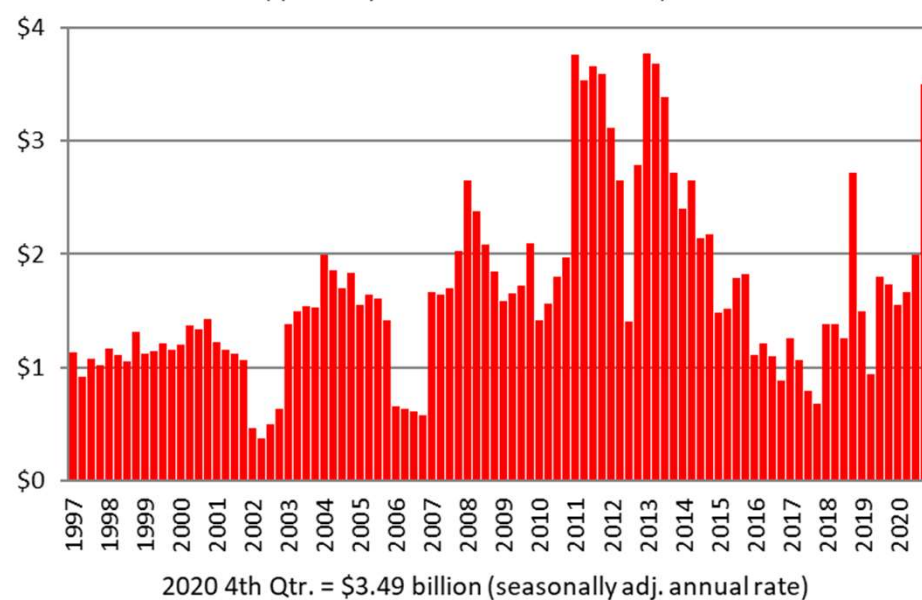
Nonfarm Employment Growth

(monthly year/year % chg)



South Dakota Farm Income

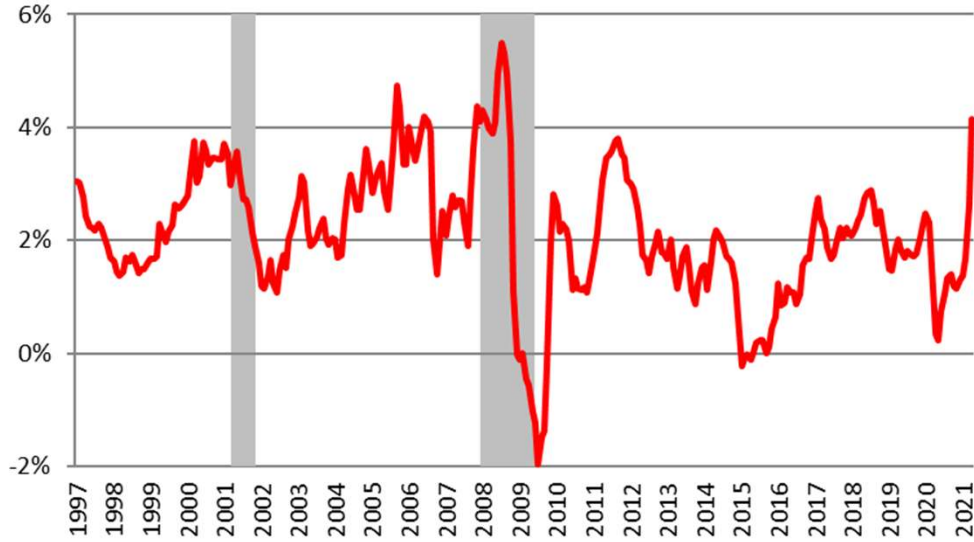
(quarterly levels at SAAR in billions)



Economic Metrics

U.S. Inflation

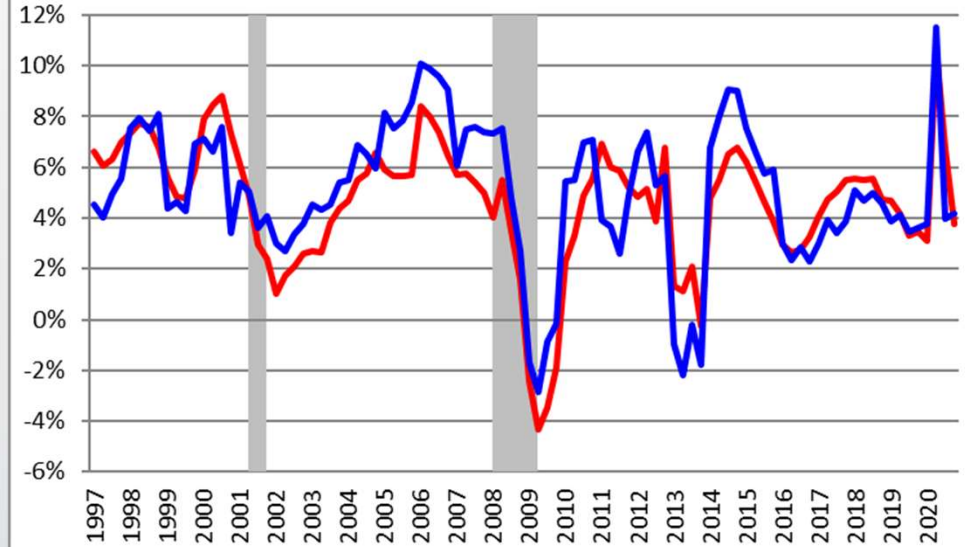
(monthly year/year % chg. in CPI)



April CPI: +4.2% compared to last year

Nonfarm Income Growth

(quarterly year/year % chg)



United States South Dakota
2020 4th Qtr. y/y growth: US = 3.8% SD = 4.2%

IHS Economics Forecast for U.S. Economy Key Indicators (May '21)

	2017	2018	2019	2020	2021 f	2022 f	'10-'20 avg.
Real GDP Growth	2.3%	3.0%	2.2%	-3.5%	6.7%	4.7%	1.8%
NF Employment	1.6%	1.6%	1.3%	-5.7%	3.2%	3.6%	0.9%
NF Income	5.7%	5.1%	4.2%	1.4%	9.1%	4.6%	5.6%
Unempl. Rate	4.4%	3.9%	3.7%	8.1%	5.3%	3.8%	6.4%

IHS Economics Forecast for U.S. Economy Key Indicators (May '21)

Optimistic Scenario				Pessimistic Scenario		
	2021 f	2022 f		2021 f	2022 f	'10-'20 avg.
Real GDP Growth	7.7%	5.7%		5.3%	4.7%	1.8%
NF Employment	3.5%	3.9%		2.6%	2.6%	0.9%
NF Income	11.6%	8.6%		8.0%	5.9%	5.6%
Unempl. Rate	5.0%	3.5%		5.7%	4.8%	6.4%

IHS Economics Forecast for South Dakota Key Indicators (May '21)

	2017	2018	2019	2020	2021 f	2022 f	'10-'20 avg.
SD Real GDP Growth	0.6%	2.7%	0.6%	-1.7%	6.1%	2.3%	1.5%
SD NF Employment	0.4%	0.9%	0.6%	-3.4%	2.7%	0.9%	0.5%
SD NF Income	3.6%	4.8%	3.8%	5.9%	6.3%	1.1%	4.6%
SD Housing Starts	5,033	4,762	4,105	5,976	6,127	4,893	4,450
SD Unempl. Rate	3.1%	2.9%	3.0%	4.7%	2.8%	2.7%	3.7%

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American Rescue Plan Act

American Rescue Plan

- The American Rescue Plan (ARP) provides \$1.9T in funding
- There are many components to the ARP
 - Direct Payment to Citizens
 - State and Local Government Aid
 - Expanded Unemployment Provisions
 - Education Provisions
 - Tax Provisions
 - Small Business Provisions
 - Health Provisions
 - Others

Coronavirus State & Local Fiscal Recovery Funds

- \$350B in Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to state, local, and tribal governments
- Treasury launched the CSLFRF on May 10, 2021
 - The use of funds is to support the public health response, address negative economic impacts, premium pay, replenish lost revenue, and make necessary investments in infrastructure
 - Recipients can use the funds to cover costs incurred by December 31, 2024
 - Treasury will distribute funds to eligible state, local, and tribal governments
 - Non-entitlement local governments (population < 50k) will receive funding through their state government

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

Coronavirus State & Local Fiscal Recovery Funds

- The state, counties, and Metropolitan cities will receive funds directly from Treasury
 - State of South Dakota will receive \$974.5M
 - South Dakota Counties will receive \$171.8M
 - Sioux Falls will receive \$25.4M
 - Rapid City will receive \$13.0M
 - SD Non-entitlement units (cities < 50k) will receive approximately \$65.2M through the state
- States that have experienced an increase in unemployment rate of more than 2 percentage points from February 2020 will receive a single payment. Other states (including SD) will receive funds in two equal tranches
- Local governments will receive funding in two equal tranches

Coronavirus Capital Projects Fund

- The ARP also provides \$10B to the Coronavirus Capital Projects Fund for states, territories, and tribal governments
- This funding is for capital projects directly enabling work, education, and health monitoring. The focus is on the continuing need for connectivity
- Treasury plans to begin accepting applications this summer after further guidance is issued

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/capital-projects-fund>

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Council Discussion

Other Discussion Items

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