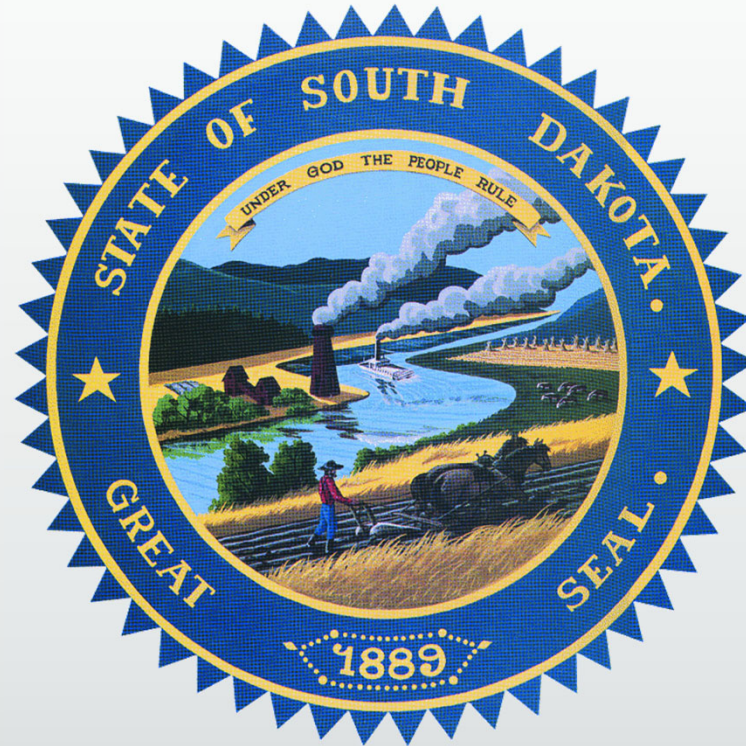


Governor's Council of Economic Advisors



South Dakota Bureau Of Finance and Management
August 17th, 2021

Governor's Council of Economic Advisors

REVENUES

FY2021 Legislative Adopted v. Actual

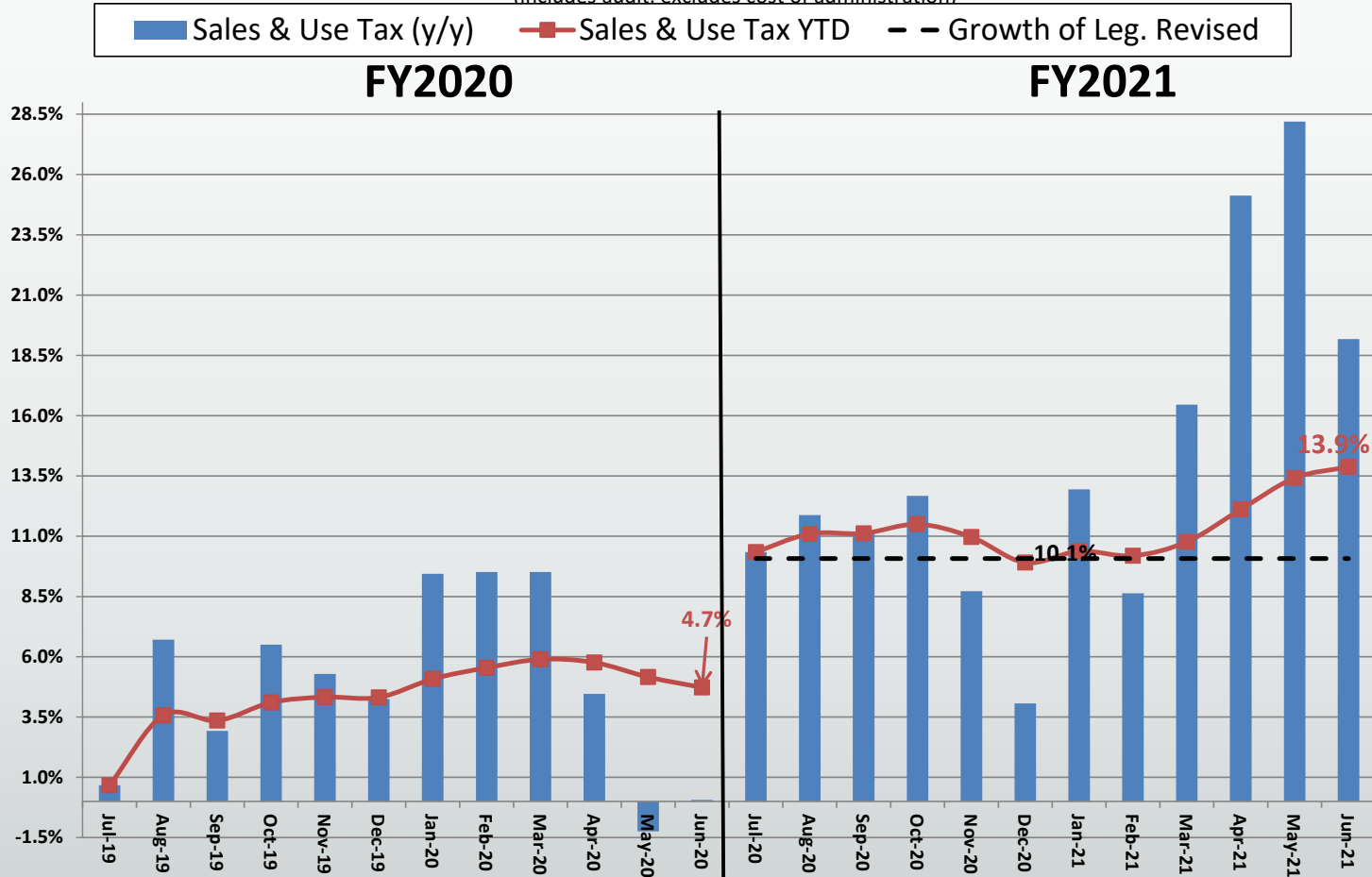
General Fund Receipts Legislative Revised FY2021 vs. Actual FY2021 (as of July 19, 2021)

	LEG REVISED FY2021	ACTUAL FY2021	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,164,760,218	1,209,342,342	44,582,124	3.83
Lottery	141,285,402	155,527,049	14,241,647	10.08
Contractor's Excise Tax	142,641,353	144,448,267	1,806,914	1.27
Insurance Company Tax	96,135,028	97,010,439	875,411	0.91
Unclaimed Property Receipts	56,806,759	62,809,930	6,003,171	10.57
Licenses, Permits, and Fees	69,597,888	71,212,896	1,615,008	2.32
Tobacco Taxes	52,667,729	52,314,193	(353,536)	(0.67)
Trust Funds	41,589,883	41,628,039	38,156	0.09
Net Transfers In	20,596,155	23,471,494	2,875,339	13.96
Alcohol Beverage Tax	8,594,284	8,767,726	173,442	2.02
Bank Franchise Tax	14,376,189	18,702,022	4,325,833	30.09
Charges for Goods and Services	16,148,725	16,444,429	295,704	1.83
Telecommunications Tax	4,699,227	3,520,578	(1,178,649)	(25.08)
Severance Taxes	9,556,185	9,810,601	254,416	2.66
Investment Income and Interest	18,570,675	18,592,297	21,622	0.12
Alcohol Bev 2% Wholesale Tax	2,580,299	2,596,157	15,858	0.61
TOTAL (ONGOING RECEIPTS)	\$ 1,860,605,999	\$1,936,198,459	\$ 75,592,460	4.06
ONE-TIME RECEIPTS				
Refinancing Gains/Transfer from SDBA	6,745,654	6,745,654	0	0.00
Closeout of SDRC Inc. Funds	3,381,726	3,381,726	0	0.00
Bank Franchise Tax Prior Year Revenue	9,720,271	10,013,790	293,519	3.02
One-Time Sales and Use Tax	31,486,289	13,486,289	(18,000,000)	(57.17)
Unexpended Carryovers and Specials	0	4,125,561	4,125,561	N/A
Transfer from Budget Reserve Fund	0	0	0	N/A
Obligated Cash Carried Forward	19,093,963	19,093,963	0	0.00
Prior Period Adjustment	22,523,535	22,523,535	0	0.00
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 92,951,438	\$ 79,370,518	\$ (13,580,920)	(14.61)
GRAND TOTAL	\$ 1,953,557,437	\$2,015,568,977	\$62,011,540	3.17

Recent Sales & Use Tax Growth Rates

Recent Growth Rates in State Sales and Use Tax

(includes audit, excludes cost of administration)



Taxable Sales by Division: FY2020 vs. FY2021

	FY2020	FY2021	% Change
Agriculture, Forestry, & Fishing	414,827,294	453,836,254	9.4%
Mining	74,929,873	69,145,881	-7.7%
Construction	30,203,700	32,699,729	8.3%
Manufacturing	1,281,161,247	1,703,601,773	33.0%
Transportation & Public Utilities	3,038,835,423	2,762,543,415	-9.1%
Wholesale Trade	1,773,771,496	2,389,598,660	34.7%
Retail Trade	12,427,706,578	13,986,926,215	12.5%
Finance, Insurance, & Real Estate	529,406,833	609,282,099	15.1%
Services	4,311,838,520	4,652,256,930	7.9%
Public Administration	3,169,012	4,125,872	30.2%
Total	23,885,849,976	26,664,016,829	11.6%

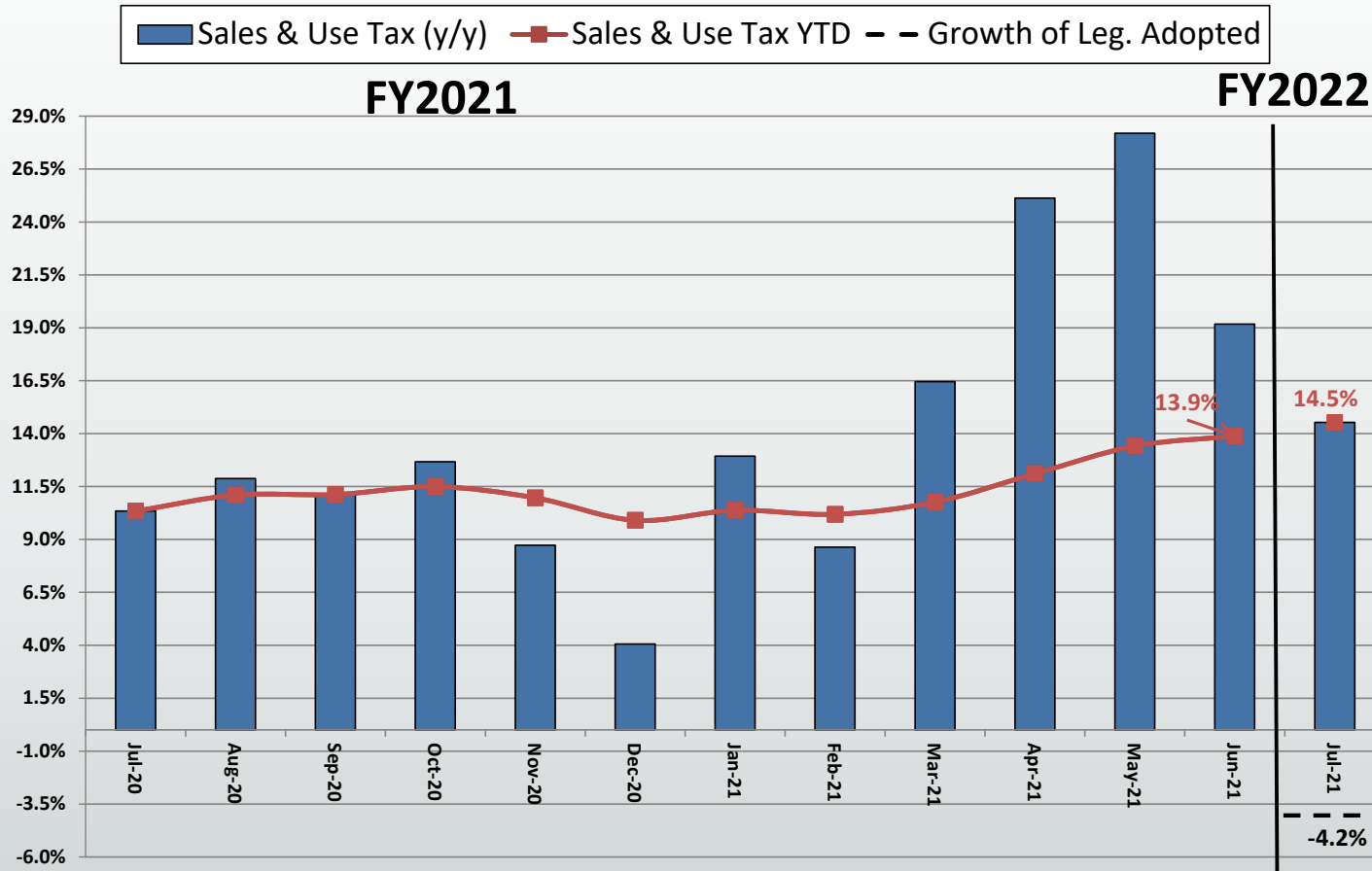
Legislative Adopted July v. Actual July

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

	Leg. Adopted JULY FY2022	Actual JULY FY2022	DOLLAR CHANGE	YTD % Chg. Actual/Adopt Comparison
ONGOING RECEIPTS				
Net Sales and Use Tax*	105,679,295	124,568,241	18,888,946	17.9%
Lottery	10,036,894	12,556,369	2,519,476	25.1%
Net Contractor's Excise Tax	13,556,526	15,342,214	1,785,688	13.2%
Insurance Company Tax	17,345,989	19,912,798	2,566,808	14.8%
Unclaimed Property Receipts	(992,142)	(3,430,312)	(2,438,170)	245.7%
Licenses, Permits, and Fees	835,900	1,023,598	187,697	22.5%
Tobacco Taxes	5,685,130	5,437,780	(247,350)	-4.4%
Trust Funds	29,424,278	29,512,894	88,616	0.3%
Net Transfers In (excluding one-time)	8,156,456	8,442,988	286,531	3.5%
Alcohol Beverage Tax	17,861	15,245	(2,616)	-14.6%
Bank Franchise Tax	51,492	53,030	1,538	3.0%
Charges for Goods and Services	1,481,480	572,047	(909,433)	-61.4%
Telecommunications Tax	0	0	0	N/A
Severance Taxes	1,345,926	2,080,422	734,496	54.6%
Investment Income and Interest	6,398	5,196	(1,203)	-18.8%
Alcohol Beverage 2% Wholesale Tax	218,270	252,704	34,434	15.8%
SUBTOTAL (ONGOING RECEIPTS)	\$ 192,849,755	\$ 216,345,213	\$ 23,495,458	12.2%
ONE-TIME RECEIPTS				
Obligated Cash Carried Forward	0	85,875,130	85,875,130	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 0	\$ 85,875,130	\$ 85,875,130	N/A
GRAND TOTAL	\$ 192,849,755	\$ 302,220,343	\$ 109,370,588	56.7%

Recent Sales & Use Tax Growth Rates

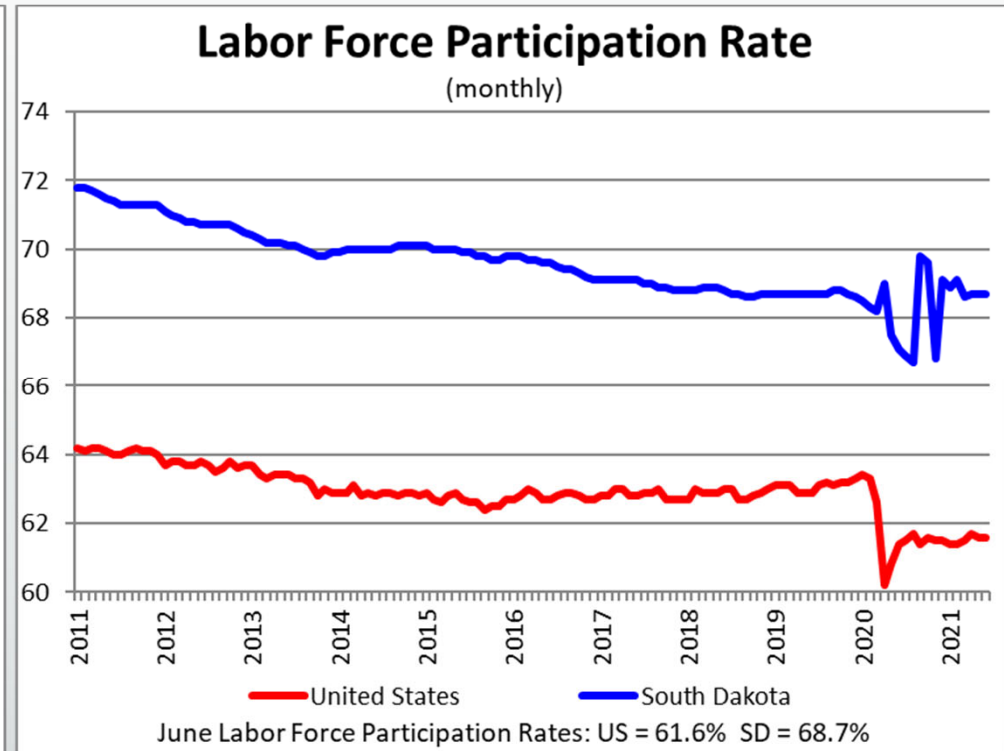
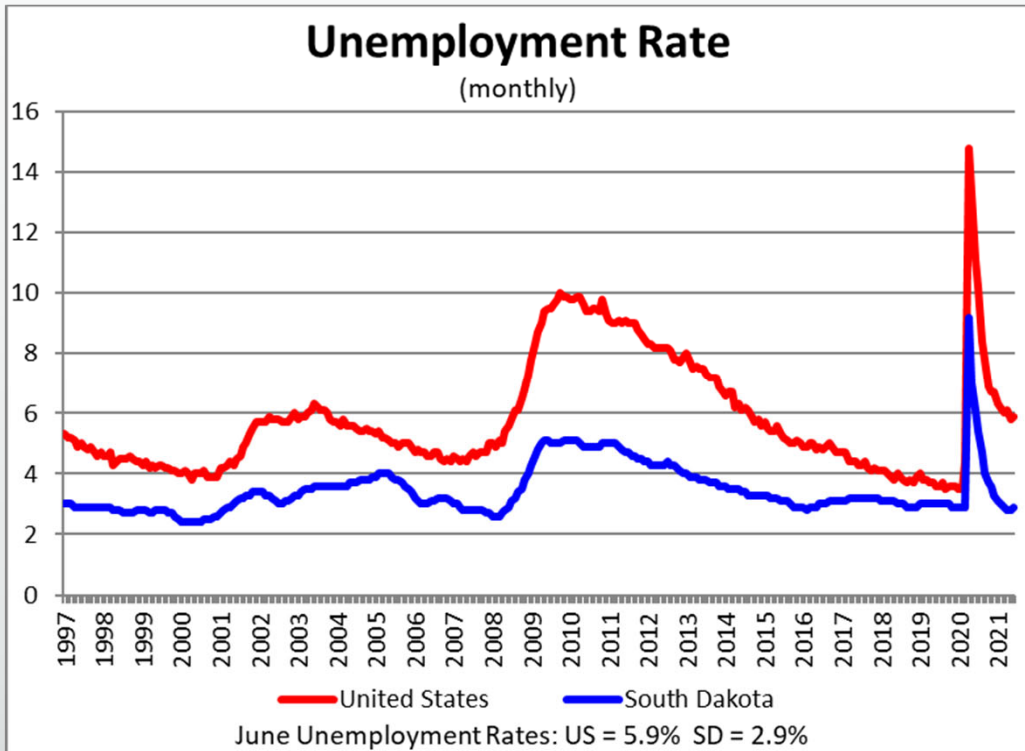
Recent Growth Rates in Ongoing State Sales and Use Tax



Governor's Council of Economic Advisors

**ECONOMIC
PERFORMANCE**

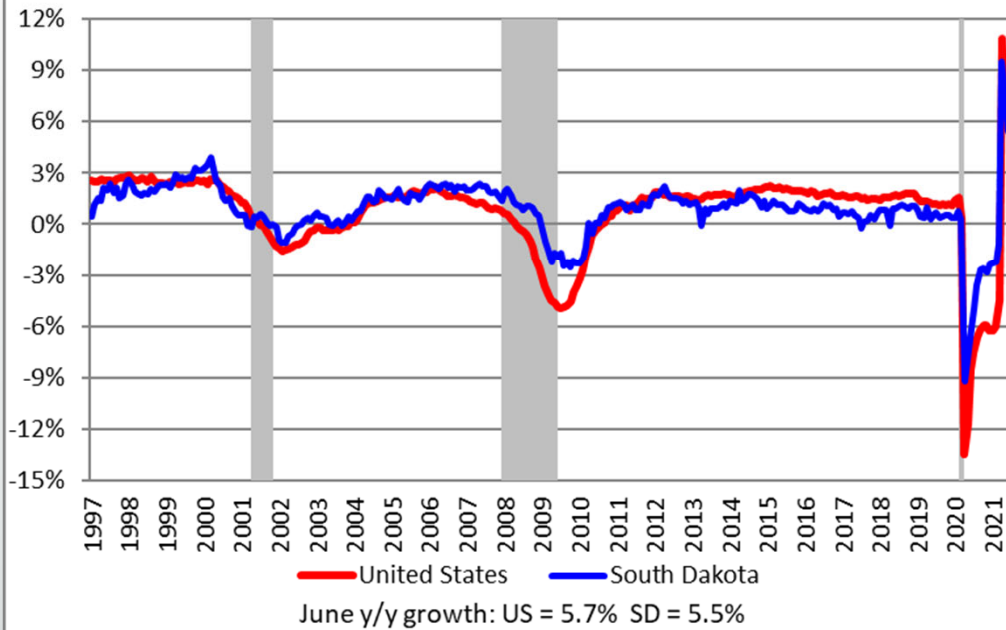
Economic Metrics



Economic Metrics

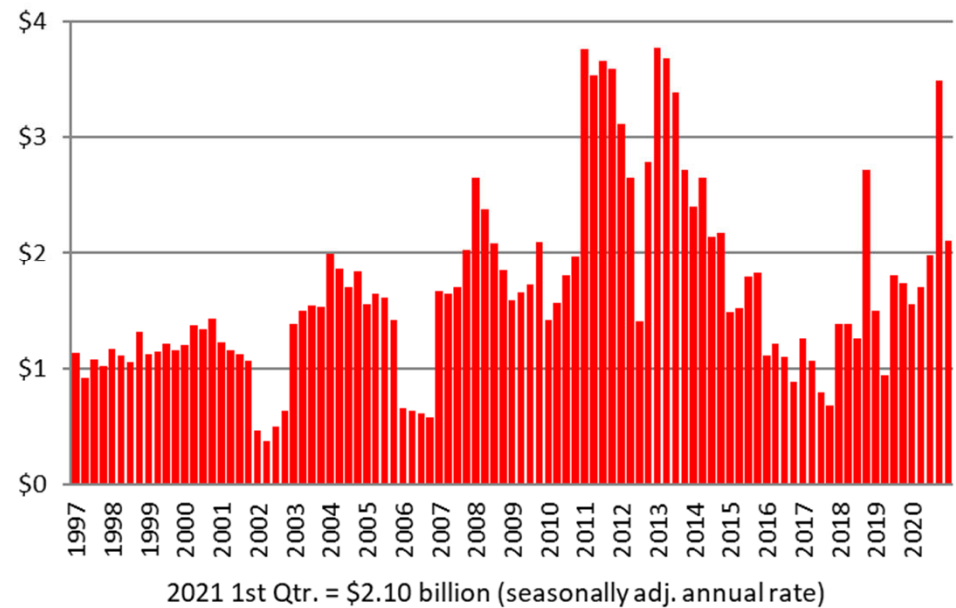
Nonfarm Employment Growth

(monthly year/year % chg)



South Dakota Farm Income

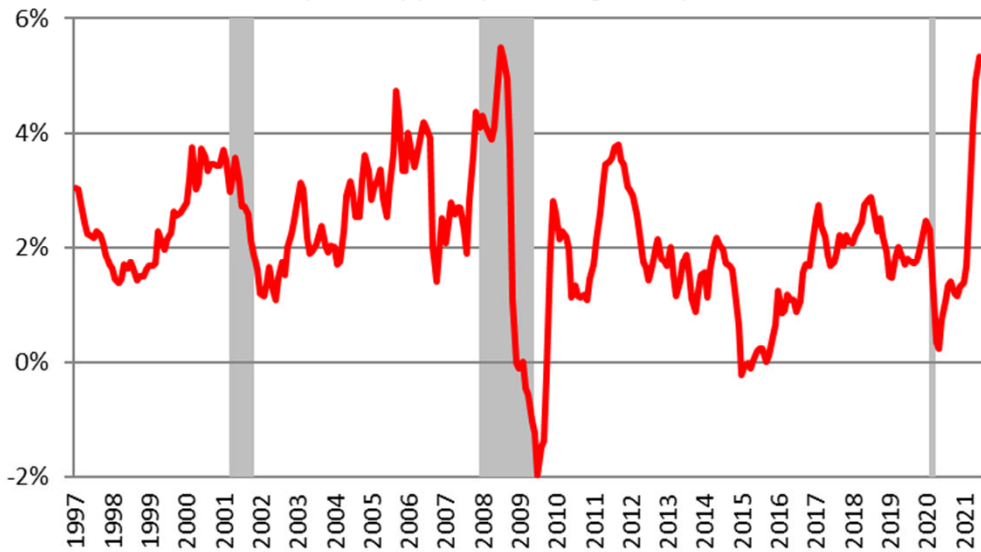
(quarterly levels at SAAR in billions)



Economic Metrics

U.S. Inflation

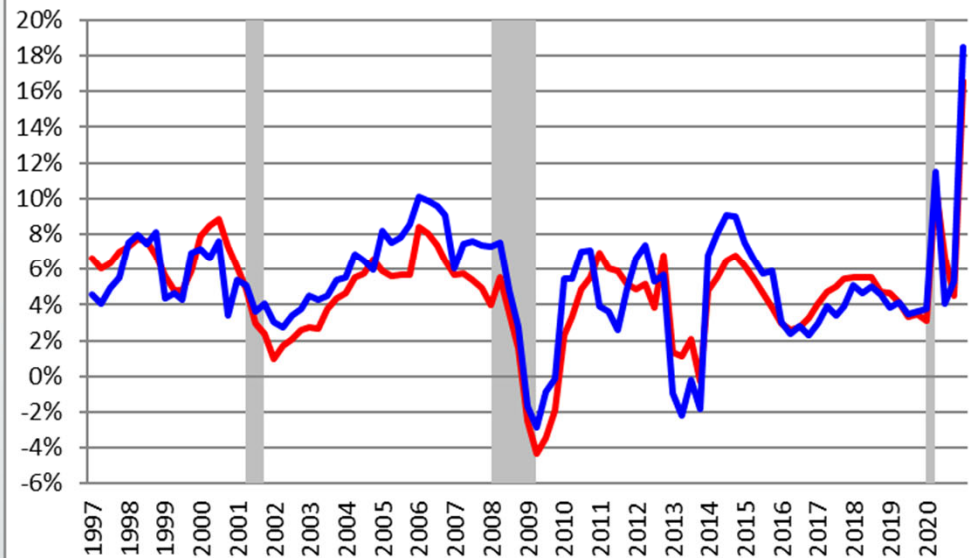
(monthly year/year % chg. in CPI)



July CPI: +5.3% compared to last year

Nonfarm Income Growth

(quarterly year/year % chg)



— United States — South Dakota

2021 1st Qtr. y/y growth: US = 16.6% SD = 18.5%

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

	2017	2018	2019	2020	2021 f	2022 f	'10-'20 avg.
Real GDP Growth	2.3%	3.0%	2.2%	-3.5%	6.6%	5.0%	1.8%
NF Employment	1.6%	1.6%	1.3%	-5.7%	2.8%	3.7%	0.9%
NF Income	5.7%	5.1%	4.2%	1.4%	9.1%	-1.0%	5.6%
Unempl. Rate	4.4%	3.9%	3.7%	8.1%	5.6%	4.2%	6.4%

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

Optimistic Scenario			Pessimistic Scenario			
	2021 f	2022 f		2021 f	2022 f	'10-'20 avg.
Real GDP Growth	7.3%	6.1%		6.1%	4.4%	1.8%
NF Employment	3.1%	3.8%		2.6%	3.2%	0.9%
NF Income	10.6%	4.2%		6.8%	-2.8%	5.6%
Unempl. Rate	5.5%	4.0%		5.8%	4.7%	6.4%

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

	2017	2018	2019	2020	2021 f	2022 f	'10-'20 avg.
SD Real GDP Growth	0.6%	2.7%	0.6%	-1.7%	6.8%	3.3%	1.5%
SD NF Employment	0.4%	0.9%	0.6%	-3.4%	2.8%	1.5%	0.5%
SD NF Income	3.6%	4.8%	3.8%	6.2%	8.6%	-1.1%	4.6%
SD Housing Starts	5,032	4,762	4,100	5,965	6,829	5,096	4,450
SD Unempl. Rate	3.1%	2.9%	3.0%	4.7%	2.8%	2.7%	3.7%

Governor's Council of Economic Advisors

**Dr. Allgrunn
Presentation**

Governor's Council of Economic Advisors

**Council
Discussion**

Other Discussion Items

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