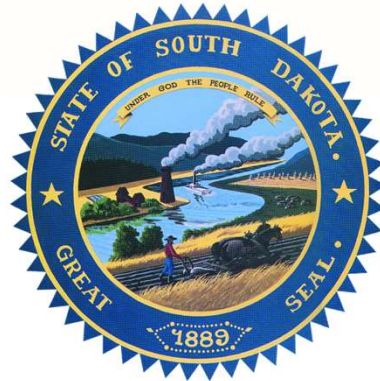


Governor's Council of Economic Advisors

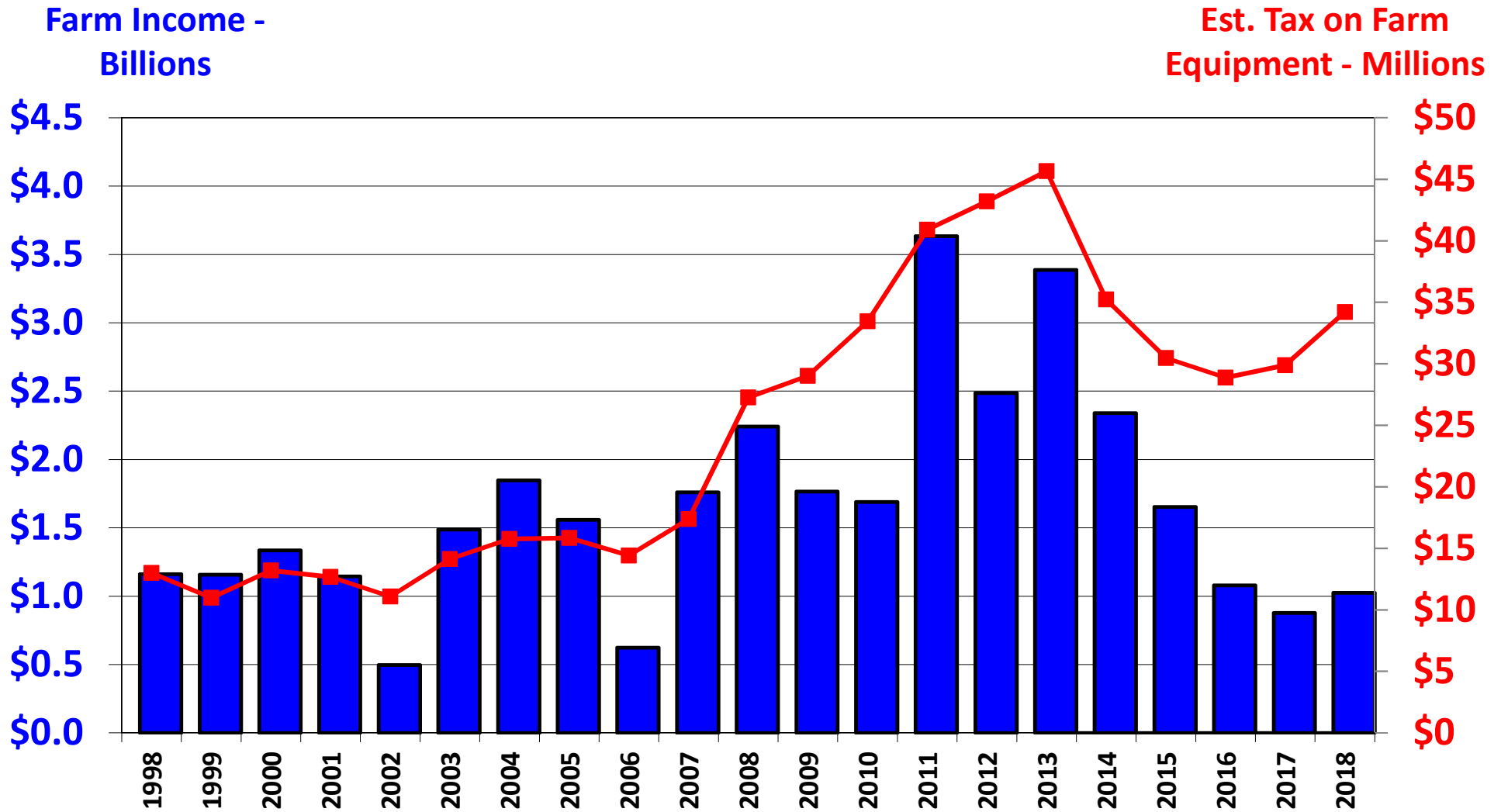


August 20, 2019

IHS Markit Economics forecast for South Dakota Key Indicators (July '19)

	2016	2017	2018	2019 f	2020 f	2021 f	'09-'19 avg.
SD Real GDP Growth	0.3%	-0.4%	1.3%	2.9%	1.7%	1.7%	1.5%
SD NF Employment	0.9%	0.5%	1.2%	2.0%	0.9%	0.6%	0.7%
SD NF Income	2.0%	2.1%	3.8%	4.3%	4.8%	4.6%	3.6%
SD Housing Starts	5,590	5,060	4,640	3,470	4,340	4,400	4,220
SD Unempl. Rate	3.0%	3.2%	3.0%	2.8%	2.8%	2.8%	3.8%

South Dakota Farm Income & Spending on Equipment



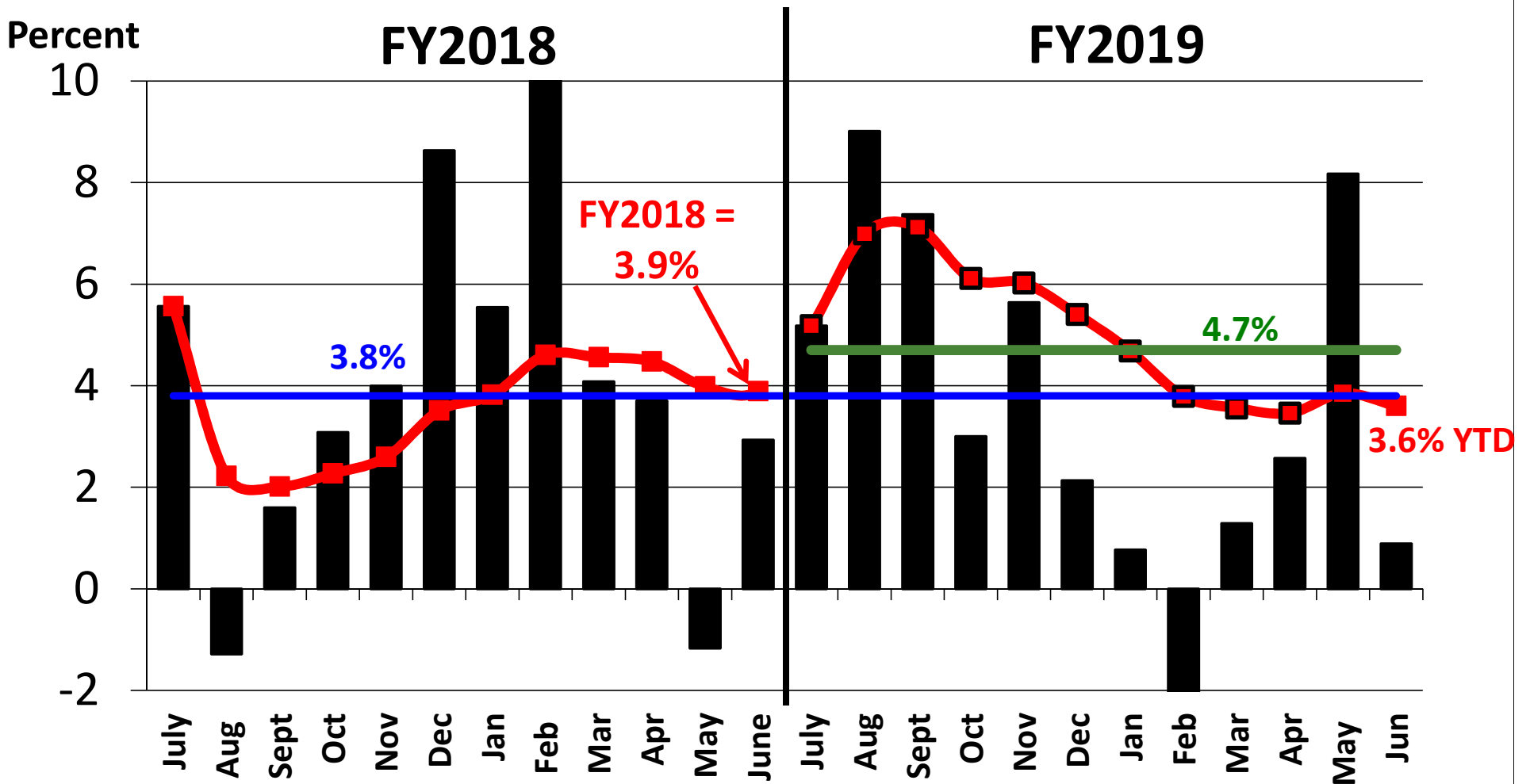
Source: BEA and SD Dept. of Revenue

How the General Fund Ended FY2019

Source	(millions)
FY2019 Revised Bottom Line (Feb. 2019):	\$0.0
Changes to Revised budgeted levels:	
Bank Franchise Tax	\$3.2
Net Transfers in	\$2.7
Unclaimed Property	\$1.8
Lottery	\$1.5
Contractor's Excise Tax	(\$1.8)
Tobacco Taxes	(\$1.9)
Sales and Use Tax	(\$9.9)
Other ongoing & one-time revenue/cash adj	<u>\$1.3</u>
<u>Total Change to Revenue:</u>	<u>(\$3.4)</u>
Unexpended Specials/Carryovers (Lower Spending):	\$5.8
Budgeted GF Reversions (Lower Spending):	\$17.3
<u>Non-bud Transfer</u>	<u>(\$0.3)</u>
<u>Total Cash Surplus to Budget Reserve Fund:</u>	<u>\$19.4</u>

Recent Sales & Use Tax Growth Rates

Blue = FY10-FY18 Average Red = Running YTD FY18/FY19 Growth
 Black = Monthly Growth Rates Green = Growth of Rev. Adopt FY19 Est.



Source: SD Bureau of Finance and Management

FY2018 vs. FY2019 Taxable Sales Growth

Taxable Sales by Major Group Comparison				Average
	(in millions)			Growth from
<u>Top 15 Major Groups (82% of total)</u>	<u>FY18</u>	<u>FY19</u>	<u>% Chg</u>	<u>FY10-FY18</u>
Misc. Retail *	\$2,339.9	\$2,696.0	15.2%	3.4%
General Merchandise Stores	\$2,313.6	\$2,339.0	1.1%	3.3%
Food Stores	\$1,528.0	\$1,562.0	2.2%	1.5%
Building Materials & Garden Supplies	\$1,417.4	\$1,440.3	1.6%	3.8%
Eating & Drinking Places	\$1,467.0	\$1,508.4	2.8%	4.0%
Electric, Gas, & Sanitary Services	\$1,536.2	\$1,583.3	3.1%	1.1%
Wholesale Trade - Durable Goods	\$1,183.5	\$1,315.2	11.1%	3.8%
Auto Dealers/Service Stations	\$982.3	\$1,028.6	4.7%	3.7%
Communications	\$1,183.5	\$1,196.1	1.1%	3.2%
Business Services	\$1,061.8	\$1,116.7	5.2%	4.9%
Furniture & Homefurnishing Stores	\$630.6	\$630.5	0.0%	2.4%
Auto Repair, Services, & Parking	\$535.8	\$568.5	6.1%	5.1%
Engineering & Management Services	\$571.3	\$616.8	8.0%	5.9%
Apparel & Accessory Stores	\$421.8	\$433.1	2.7%	4.6%
Hotels & Other Lodging Places	\$609.4	\$635.4	4.3%	5.3%
Total of Top 15 Major Groups	\$17,782.2	\$18,670.0	5.0%	3.4%
Remaining Groups	\$3,919.4	\$4,102.3	4.7%	5.4%
Total Taxable Sales	\$21,701.6	\$22,772.3	4.9%	3.7%

Source: SD Dept. of Revenue

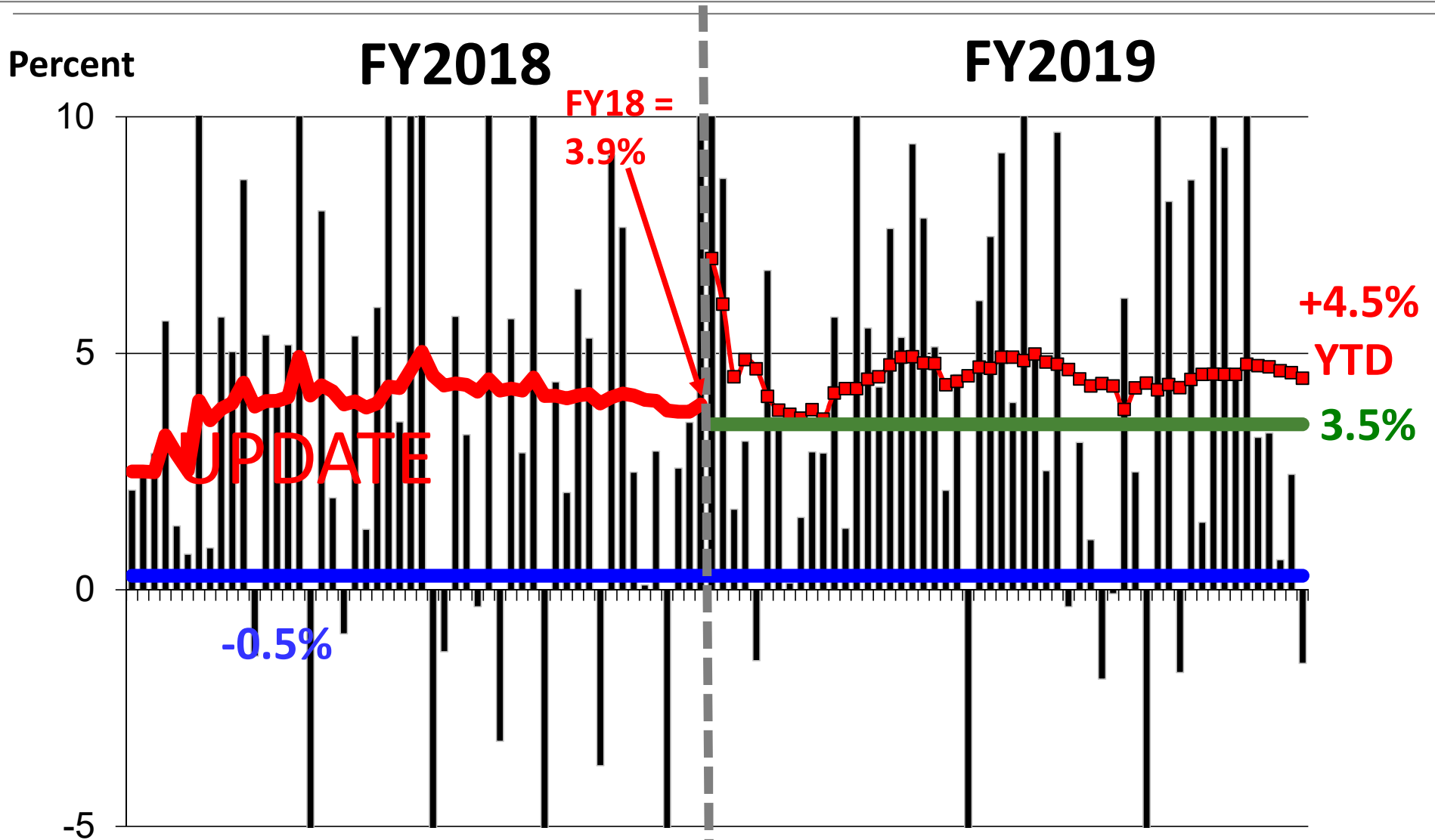
Sales Tax Reported by Remote Sellers

Current Year		Previous Year		\$ Change Year/Year
Month	Amount	Month	Amount	
Jul. 2018	\$6,255,463	Jul. 2017	\$6,294,019	(\$38,556)
Aug. 2018	\$5,035,280	Aug. 2017	\$4,208,554	\$826,727
Sep. 2018	\$5,069,254	Sep. 2017	\$4,858,597	\$210,657
Oct. 2018	\$5,571,722	Oct. 2017	\$4,997,685	\$574,037
Nov. 2018	\$5,579,406	Nov. 2017	\$4,669,368	\$910,038
Dec. 2018	\$6,326,749	Dec. 2017	\$4,931,666	\$1,395,084
Jan. 2019	\$8,353,613	Jan. 2018	\$7,275,261	\$1,078,352
Feb. 2019	\$5,833,018	Feb. 2018	\$4,386,830	\$1,446,188
Mar. 2019	\$5,169,870	Mar. 2018	\$4,266,849	\$903,021
Apr. 2019	\$7,642,065	Apr. 2018	\$5,123,192	\$2,518,873
May. 2019	\$7,418,818	May. 2018	\$4,283,475	\$3,135,343
Jun. 2019	\$7,068,777	Jun. 2018	\$4,482,290	\$2,586,487
Jul. 2019	\$8,515,404	Jul. 2018	\$6,255,463	\$2,259,941

Growth Rate for Video Lottery

7% of Total

Blue = FY10-FY18 Avg. Red = FY18 YTD Growth/FY19 YTD Growth
Black = Weekly Growth Rates Green = Growth of Rev Adopt FY19 Est.



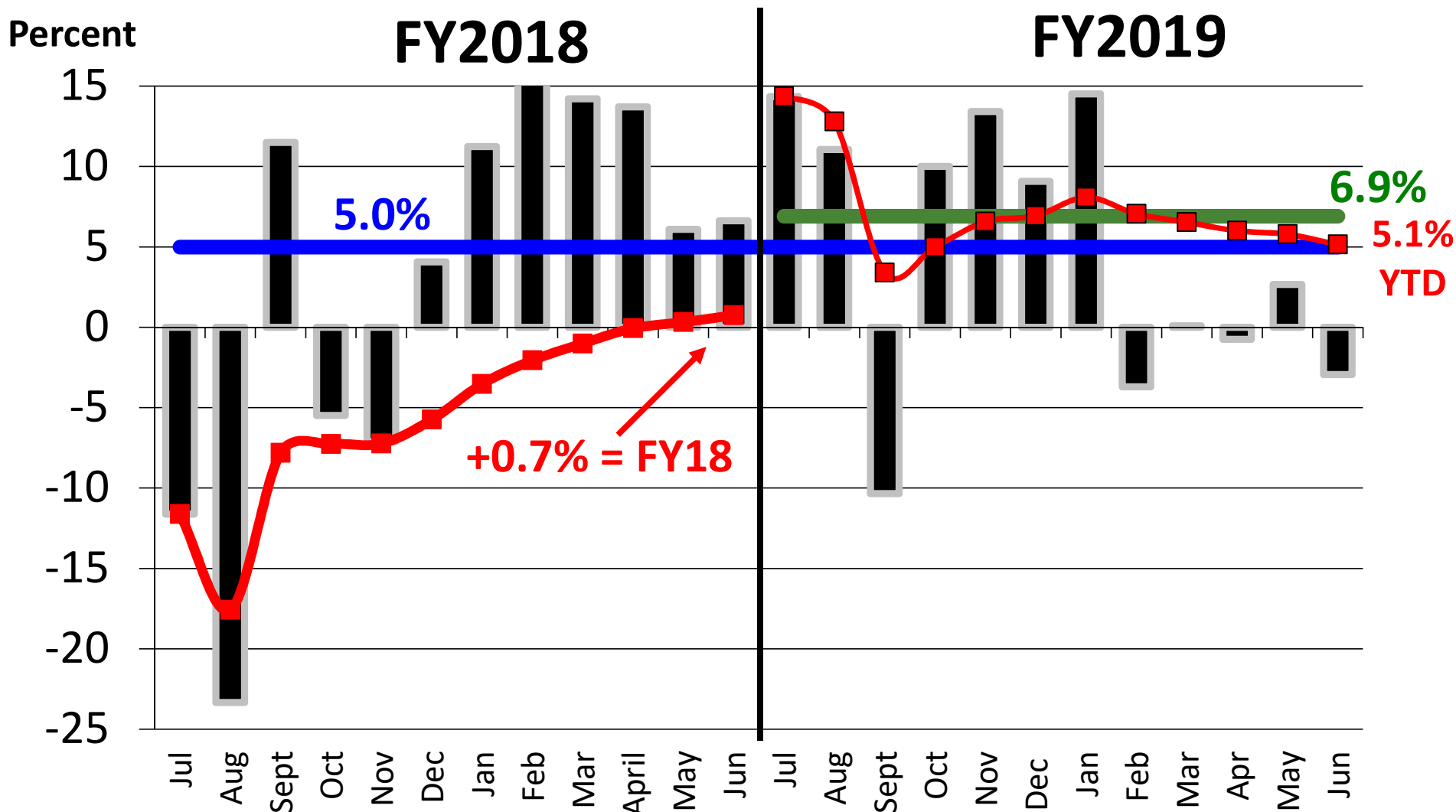
Source: SD Department of Revenue/Bureau of Finance and Management

Recent Growth Rates for Net CET

7% of Total

Blue = FY10-FY18 Average Red = FY18/FY19 YTD Growth

Black = Monthly Growth Rates Green = Growth of Rev. Adopt FY19 Est.



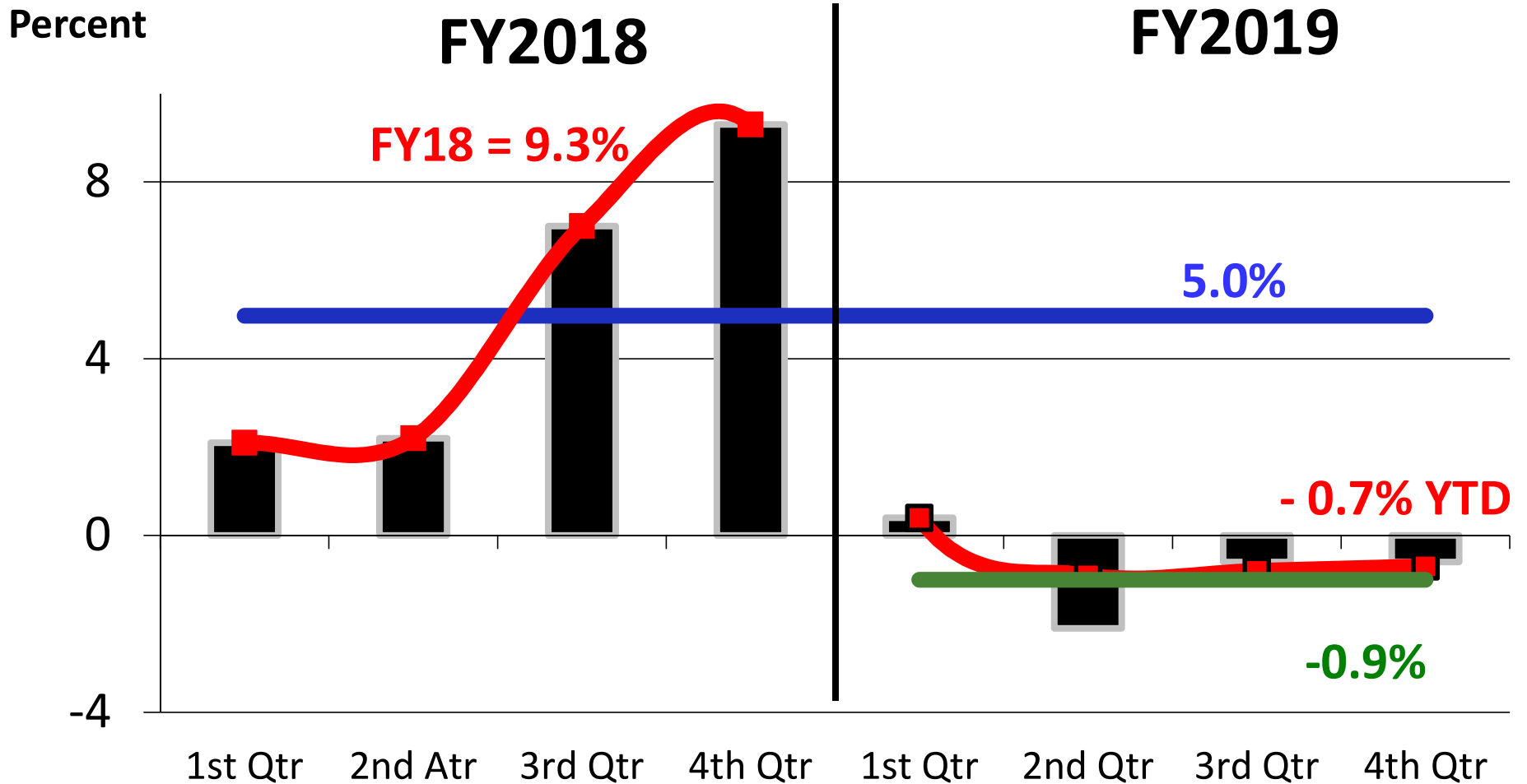
Source: SD Bureau of Finance and Management

Growth Rates for Insurance Company Tax

5% of Total

Blue = FY10-FY18 Average Red = FY18/FY19 YTD Growth

Black = Quarterly Growth Rates Green = Growth of Adopted FY19 Est.



Source: SD Bureau of Finance and Management

Other Discussion?