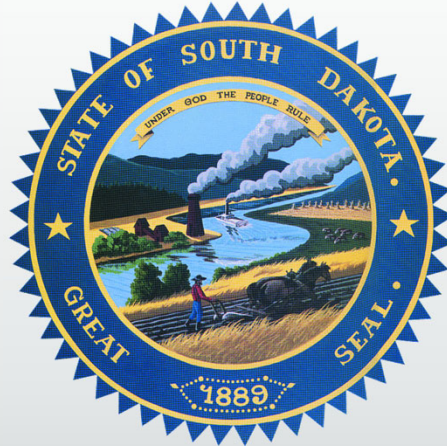


# Governor's Council of Economic Advisors



South Dakota Bureau Of Finance and Management  
May 21st, 2020

## **IHS Economics Forecast for South Dakota Key Indicators (April '20)**

|                               | 2016         | 2017         | 2018         | 2019         | 2020 f       | 2021 f       | '09-'19<br>avg. |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| <b>SD Real GDP<br/>Growth</b> | <b>0.5%</b>  | <b>-0.1%</b> | <b>1.9%</b>  | <b>0.7%</b>  | <b>-4.0%</b> | <b>6.6%</b>  | <i>1.5%</i>     |
| <b>SD NF<br/>Employment</b>   | <b>0.9%</b>  | <b>0.4%</b>  | <b>0.9%</b>  | <b>0.6%</b>  | <b>-3.5%</b> | <b>-0.7%</b> | <i>0.6%</i>     |
| <b>SD NF Income</b>           | <b>2.5%</b>  | <b>3.4%</b>  | <b>5.4%</b>  | <b>4.0%</b>  | <b>2.3%</b>  | <b>3.9%</b>  | <i>3.9%</i>     |
| <b>SD Housing<br/>Starts</b>  | <b>5,550</b> | <b>5,040</b> | <b>4,740</b> | <b>3,890</b> | <b>3,560</b> | <b>4,010</b> | <i>4,200</i>    |
| <b>SD Unempl.<br/>Rate</b>    | <b>3.0%</b>  | <b>3.2%</b>  | <b>3.1%</b>  | <b>3.3%</b>  | <b>6.4%</b>  | <b>5.9%</b>  | <i>3.7%</i>     |

## **IHS Economics Forecast for South Dakota Key Indicators ( August '20)**

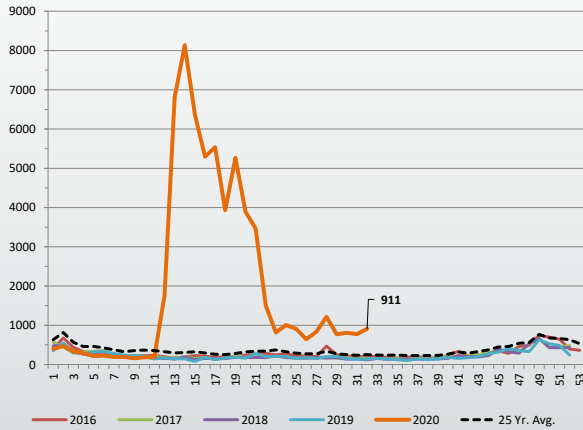
|                    | 2016  | 2017  | 2018  | 2019  | 2020 f | 2021 f | '09-'19<br>avg. |
|--------------------|-------|-------|-------|-------|--------|--------|-----------------|
| SD Real GDP Growth | 0.5%  | -0.1% | 1.9%  | 0.7%  | -2.7%  | 3.5%   | 1.5%            |
| SD NF Employment   | 0.9%  | 0.4%  | 0.9%  | 0.6%  | -2.5%  | 3.5%   | 0.6%            |
| SD NF Income       | 2.5%  | 3.4%  | 5.4%  | 4.0%  | 4.7%   | 0.1%   | 3.9%            |
| SD Housing Starts  | 5,550 | 5,040 | 4,740 | 3,890 | 4,340  | 4,690  | 4,200           |
| SD Unempl. Rate    | 3.0%  | 3.2%  | 3.1%  | 3.3%  | 6.0%   | 4.4%   | 3.7%            |

## **IHS Economics Forecast for U.S. Economy Key Indicators ( August '20)**

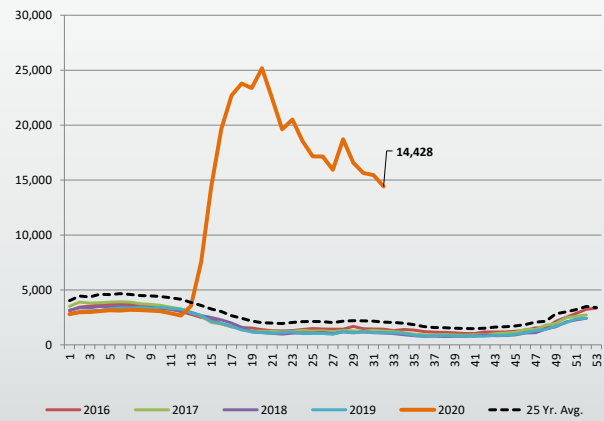
|                            | 2016        | 2017        | 2018        | 2019        | 2020 f       | 2021 f        | '09-'19<br>avg. |
|----------------------------|-------------|-------------|-------------|-------------|--------------|---------------|-----------------|
| <b>Real GDP<br/>Growth</b> | <b>1.7%</b> | <b>2.3%</b> | <b>3.0%</b> | <b>2.2%</b> | <b>-4.8%</b> | <b>3.1%</b>   | <i>1.9%</i>     |
| <b>NF Employment</b>       | <b>1.8%</b> | <b>1.6%</b> | <b>1.6%</b> | <b>1.4%</b> | <b>-5.5%</b> | <b>2.5%</b>   | <i>0.9%</i>     |
| <b>NF Income</b>           | <b>1.6%</b> | <b>5.7%</b> | <b>5.1%</b> | <b>4.2%</b> | <b>-8.9%</b> | <b>-10.8%</b> | <i>5.3%</i>     |
| <b>Unempl. Rate</b>        | <b>4.9%</b> | <b>4.4%</b> | <b>3.9%</b> | <b>3.7%</b> | <b>8.6%</b>  | <b>7.6%</b>   | <i>6.5%</i>     |

# COVID-19 Weekly Metrics

**SD Initial Claims for Reemployment Assistance**  
(weekly claims by calendar year)

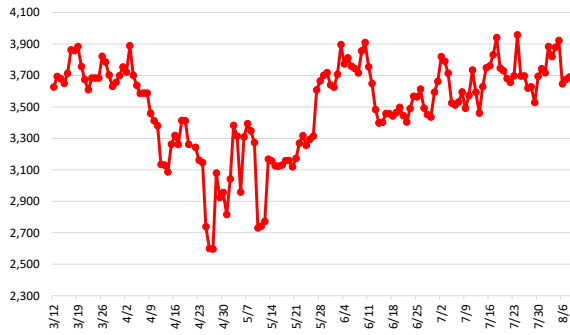


**SD Continued Claims for Reemployment Assistance**  
(weekly claims by calendar year)



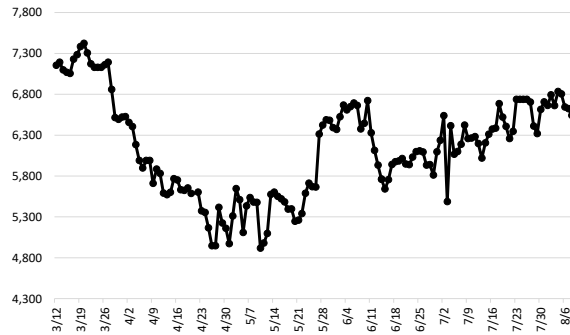
# COVID-19 Weekly Metrics

Job Openings Advertised Online  
Rapid City MSA



Source: Online advertised jobs data, virtual labor market data system, Labor Market Information Center, SD Department of Labor and Regulation. (Jobs de-duplication Level 2).

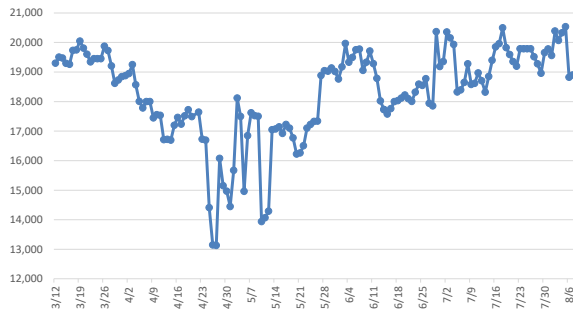
Job Openings Advertised Online  
Sioux Falls MSA



Source: Online advertised jobs data, virtual labor market data system, Labor Market Information Center, SD Department of Labor and Regulation. (Jobs de-duplication Level 2).

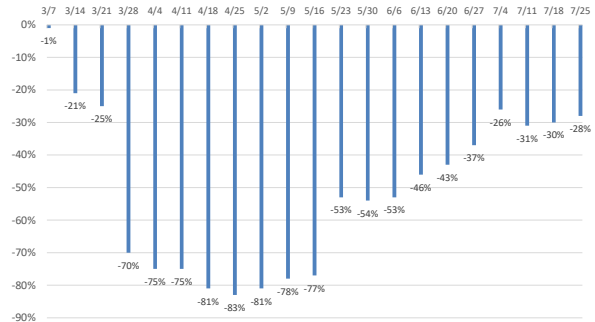
# COVID-19 Weekly Metrics

**Job Openings Advertised Online  
Statewide South Dakota**



Source: Online advertised jobs data, virtual labor market data system, Labor Market Information Center, SD Department of Labor and Regulation. (Jobs de-duplication Level 2).

**Weekly Estimated Travel Spending in South Dakota: Year over Year  
Percent Change**



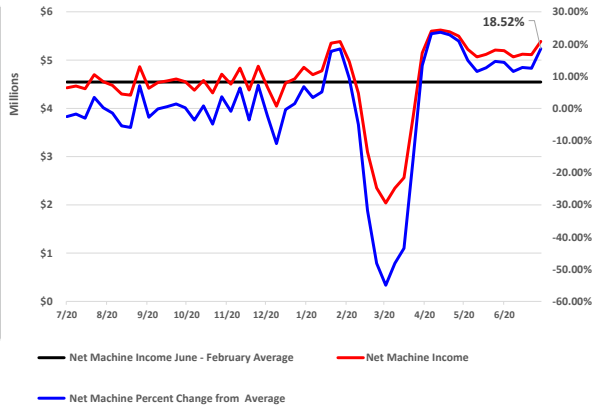
Source: Tourism Economics/U.S. Travel Association

# COVID-19 Weekly Metrics

South Dakota Traffic Trends

|                      | March | April | May  | June | July | August |
|----------------------|-------|-------|------|------|------|--------|
| State Highways       | -14%  | -36%  | -20% | -9%  | -3%  | 3%     |
| Rural Interstate     | -13%  | -40%  | -25% | -11% | -5%  | 6%     |
| Rural Non Interstate | -11%  | -33%  | -12% | -6%  | -2%  | 9%     |
| Urban                | -15%  | -34%  | -19% | -8%  | -2%  | 0%     |

Video Lottery Net Machine Income: Weekly



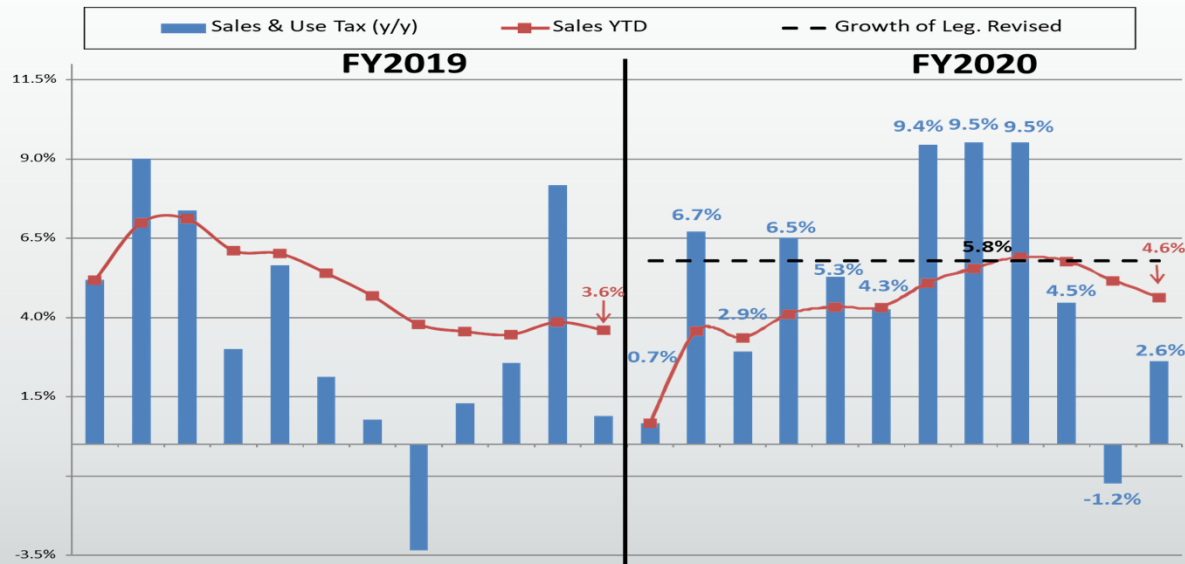


# FY2020 Legislative Adopted v. Actual

|                                      | LEG ADOPTED<br>FY2020   | ACTUAL<br>FY2020        | DOLLAR<br>CHANGE      | PERCENT<br>CHANGE |
|--------------------------------------|-------------------------|-------------------------|-----------------------|-------------------|
| <b>ONGOING RECEIPTS</b>              |                         |                         |                       |                   |
| Sales and Use Tax                    | \$ 1,084,665,451        | \$ 1,072,830,649        | \$ (11,834,802)       | (1.1)             |
| Lottery                              | 127,061,394             | 122,489,001             | (4,572,394)           | (3.6)             |
| Contractor's Excise Tax              | 124,492,747             | 123,723,519             | (769,228)             | (0.6)             |
| Insurance Company Tax                | 88,950,909              | 93,271,112              | 4,320,203             | 4.9               |
| Unclaimed Property Receipts          | 41,500,000              | 47,308,472              | 5,808,472             | 14.0              |
| Licenses, Permits, and Fees          | 69,387,902              | 68,277,940              | (1,109,962)           | (1.6)             |
| Tobacco Taxes                        | 48,625,438              | 51,066,112              | 2,440,674             | 5.0               |
| Trust Funds                          | 39,874,058              | 39,859,256              | (14,802)              | (0.0)             |
| Net Transfers In                     | 21,005,164              | 19,858,120              | (1,147,044)           | (5.5)             |
| Alcohol Beverage Tax                 | 8,000,000               | 8,142,691               | 142,691               | 1.8               |
| Bank Franchise Tax                   | 14,072,270              | 12,060,604              | (2,011,666)           | (14.3)            |
| Charges for Goods and Services       | 16,800,000              | 15,403,871              | (1,396,129)           | (8.3)             |
| Telecommunications Tax               | 4,668,160               | 5,964,072               | 1,295,912             | 27.8              |
| Severance Taxes                      | 5,500,000               | 5,881,928               | 381,928               | 6.9               |
| Investment Income and Interest       | 11,088,044              | 11,150,037              | 61,993                | 0.6               |
| Alcohol Bev 2% Wholesale Tax         | 2,262,350               | 2,335,754               | 73,404                | 3.2               |
| <b>TOTAL (ONGOING RECEIPTS)</b>      | <b>\$ 1,707,953,888</b> | <b>\$ 1,699,623,137</b> | <b>\$ (8,330,751)</b> | <b>(0.5)</b>      |
| <b>ONE-TIME RECEIPTS</b>             |                         |                         |                       |                   |
| Refinancing Gains/Transfer from SDBA | \$ 7,082,539            | \$ 7,082,539            | \$ -                  | 0.0               |
| Unexpended Carryovers and Specials   | 0                       | 425,135                 | 425,135               | 100.0             |
| Transfer from Budget Reserve         | 14,859,866              | 14,859,866              | 0                     | 0.0               |
| Obligated Cash Carried Forward       | 19,354,553              | 19,354,553              | 0                     | 0.0               |
| <b>SUBTOTAL (ONE-TIME RECEIPTS)</b>  | <b>\$ 41,296,958</b>    | <b>\$ 41,722,093</b>    | <b>\$ 425,135</b>     | <b>100.0</b>      |
| <b>GRAND TOTAL</b>                   | <b>\$ 1,749,250,846</b> | <b>\$ 1,741,345,230</b> | <b>(\$7,905,616)</b>  | <b>(0.5)</b>      |

Source: BFM

# Recent Sales & Use Tax Growth Rates



Source: BFM

# Legislative Adopted July v. Actual July

|   | Leg Adopted<br>JULY<br>FY2021 | Actual<br>JULY<br>FY2021 | DOLLAR<br>CHANGE     | MTD % Chg.<br>Actual/Adopt<br>Comparison |
|---|-------------------------------|--------------------------|----------------------|--|
| <b>ONGOING RECEIPTS</b>                     |                               |                          |                      |  |
| Net Sales and Use Tax (excl. cost of admin) | 102,766,674                   | 108,766,108              | 5,999,434            | 5.8%                                     |
| Lottery                                     | 9,432,203                     | 10,848,543               | 1,416,340            | 15.0%                                    |
| Net Contractor's Excise Tax                 | 12,459,828                    | 13,915,889               | 1,456,061            | 11.7%                                    |
| Insurance Company Tax                       | 16,632,661                    | 18,075,887               | 1,443,226            | 8.7%                                     |
| Unclaimed Property Receipts*                | (869,125)                     | 0                        | 869,125              | -100.0%                                  |
| Licenses, Permits, and Fees                 | 808,710                       | 953,186                  | 144,476              | 17.9%                                    |
| Tobacco Taxes                               | 5,048,949                     | 5,400,530                | 351,581              | 7.0%                                     |
| Trust Funds                                 | 28,192,176                    | 28,192,176               | 0                    | 0.0%                                     |
| Net Transfers In (excluding one-time)       | 7,592,351                     | 8,504,317                | 911,966              | 12.0%                                    |
| Alcohol Beverage Tax                        | 17,493                        | 11,129                   | (6,364)              | -36.4%                                   |
| Bank Franchise Tax                          | 47,220                        | 54,611                   | 7,391                | 15.7%                                    |
| Charges for Goods and Services              | 1,458,103                     | 2,486,421                | 1,028,318            | 70.5%                                    |
| Telecommunications Tax                      | 0                             | 0                        | 0                    | N/A                                      |
| Severance Taxes**                           | 847,825                       | 1,968,396                | 1,120,571            | 132.2%                                   |
| Investment Income and Interest              | 10,295                        | 3,345                    | (6,951)              | -67.5%                                   |
| Alcohol Beverage 2% Wholesale Tax           | 201,215                       | 182,273                  | (18,942)             | -9.4%                                    |
| <b>SUBTOTAL (ONGOING RECEIPTS)</b>          | <b>\$ 184,646,580</b>         | <b>\$ 199,362,812</b>    | <b>\$ 14,716,232</b> | <b>8.0%</b>                              |

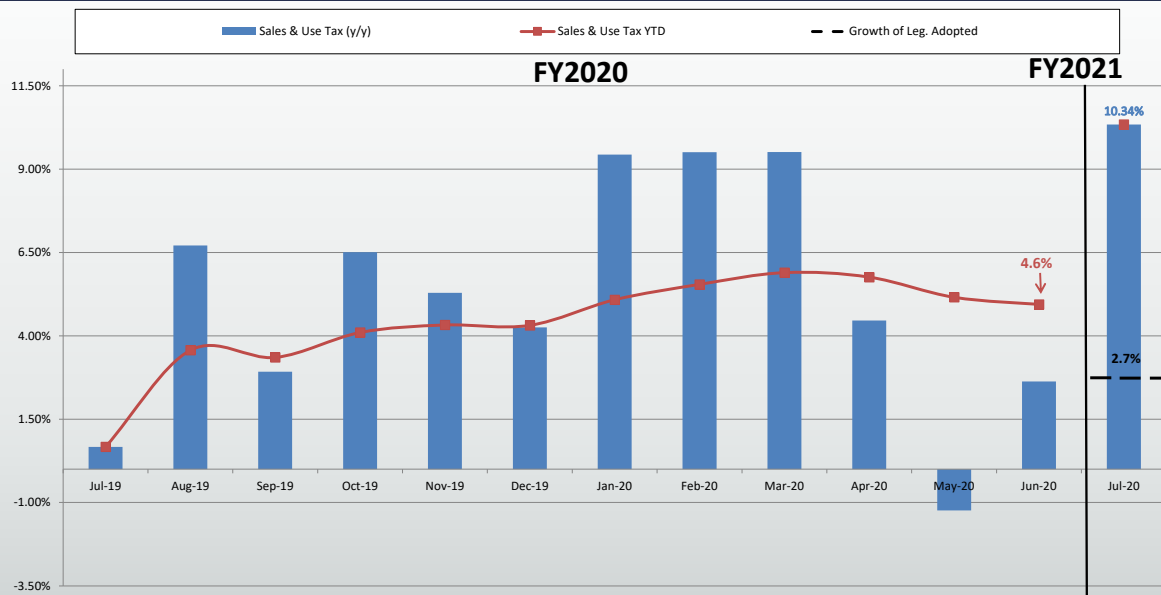
## NOTES

\* Unclaimed Property activity was not recorded in the general fund. July activity will be reflected next month.

\*\* Severance Tax increase is partially due to delayed payment in July of FY2020.

Source: BFM

# Recent Sales & Use Tax Growth Rates



Source: BFM

## Sales and Use Tax by Major Group & Division: July

| Top 10 Major Groups                   | 2020        | 2019        | %    | Division                          | 2020          | 2019          | %    |
|---------------------------------------|-------------|-------------|------|-----------------------------------|---------------|---------------|------|
| Misc. Retail                          | 325,644,167 | 262,739,739 | 23.9 | Agriculture, Forestry, & Fishing  | 46,721,094    | 42,489,476    | 10.0 |
| General Merchandise Stores            | 224,736,992 | 213,678,660 | 5.2  | Mining                            | 7,176,410     | 7,739,722     | -7.3 |
| Building Materials & Garden Supplies  | 184,955,254 | 146,132,878 | 26.6 | Construction                      | 3,353,819     | 3,336,194     | 0.5  |
| Wholesale Trade - Durable Goods       | 156,479,634 | 124,541,317 | 25.6 | Manufacturing                     | 178,276,224   | 121,173,421   | 47.1 |
| Food Stores                           | 153,737,274 | 138,682,421 | 10.9 | Transportation & Public Utilities | 257,087,044   | 241,172,984   | 6.6  |
| Eating & Drinking Places              | 128,787,893 | 142,052,975 | -9.3 | Wholesale Trade                   | 197,493,709   | 160,243,869   | 23.2 |
| Electric, Gas, & Sanitary Services    | 125,342,654 | 116,913,895 | 7.2  | Retail Trade                      | 1,223,436,700 | 1,090,291,732 | 12.2 |
| Business Services                     | 124,935,276 | 120,011,063 | 4.1  | Finance, Insurance, & Real Estate | 56,535,779    | 52,035,776    | 8.6  |
| Automotive Dealers & Service Stations | 110,508,638 | 94,513,246  | 16.9 | Services                          | 422,421,255   | 450,028,147   | -6.1 |
| Communications                        | 104,042,913 | 102,051,335 | 2.0  | Public Administration             | 367,150       | 324,048       | 13.3 |

Source: Department of Revenue

## Sales and Use Tax by Major Group & Division: May

| Top 10 Major Groups                   | 2020        | 2019        | %     | Division                          | 2020        | 2019        | %     |
|---------------------------------------|-------------|-------------|-------|-----------------------------------|-------------|-------------|-------|
| Misc. Retail                          | 260,924,325 | 242,406,664 | 7.6   | Agriculture, Forestry, & Fishing  | 31,313,207  | 31,465,855  | -0.5  |
| General Merchandise Stores            | 194,175,809 | 183,403,346 | 5.9   | Mining                            | 5,118,695   | 5,007,565   | 2.2   |
| Food Stores                           | 142,976,235 | 120,586,797 | 18.6  | Construction                      | 2,026,547   | 2,224,423   | -8.9  |
| Building Materials & Garden Supplies  | 136,940,470 | 109,883,483 | 24.6  | Manufacturing                     | 106,645,651 | 83,888,296  | 27.1  |
| Wholesale Trade - Durable Goods       | 119,838,683 | 126,015,933 | -4.9  | Transportation & Public Utilities | 232,877,180 | 240,820,367 | -3.3  |
| Electric, Gas, & Sanitary Services    | 116,923,852 | 123,250,999 | -5.1  | Wholesale Trade                   | 150,441,131 | 154,352,297 | -2.5  |
| Communications                        | 98,088,304  | 98,326,074  | -0.2  | Retail Trade                      | 937,023,988 | 934,909,776 | 0.2   |
| Business Services                     | 97,837,799  | 92,637,221  | 5.6   | Finance, Insurance, & Real Estate | 45,525,926  | 35,750,012  | 27.3  |
| Automotive Dealers & Service Stations | 77,965,772  | 82,637,944  | -5.7  | Services                          | 290,845,562 | 335,242,146 | -13.2 |
| Eating & Drinking Places              | 67,394,691  | 115,206,205 | -41.5 | Public Administration             | 436,759     | 127,454     | 242.7 |

Source: Department of Revenue

## Sales and Use Tax by Major Group & Division: FY20 Total

| Top 10 Major Groups                   | 2020        | 2019        | %    | Division                          | 2020          | 2019          | %    |
|---------------------------------------|-------------|-------------|------|-----------------------------------|---------------|---------------|------|
| Misc. Retail                          | 325,644,167 | 262,739,739 | 23.9 | Agriculture, Forestry, & Fishing  | 46,721,094    | 42,489,476    | 10.0 |
| General Merchandise Stores            | 224,736,992 | 213,678,660 | 5.2  | Mining                            | 7,176,410     | 7,739,722     | -7.3 |
| Building Materials & Garden Supplies  | 184,955,254 | 146,132,878 | 26.6 | Construction                      | 3,353,819     | 3,336,194     | 0.5  |
| Wholesale Trade - Durable Goods       | 156,479,634 | 124,541,317 | 25.6 | Manufacturing                     | 178,276,224   | 121,173,421   | 47.1 |
| Food Stores                           | 153,737,274 | 138,682,421 | 10.9 | Transportation & Public Utilities | 257,087,044   | 241,172,984   | 6.6  |
| Eating & Drinking Places              | 128,787,893 | 142,052,975 | -9.3 | Wholesale Trade                   | 197,493,709   | 160,243,869   | 23.2 |
| Electric, Gas, & Sanitary Services    | 125,342,654 | 116,913,895 | 7.2  | Retail Trade                      | 1,223,436,700 | 1,090,291,732 | 12.2 |
| Business Services                     | 124,935,276 | 120,011,063 | 4.1  | Finance, Insurance, & Real Estate | 56,535,779    | 52,035,776    | 8.6  |
| Automotive Dealers & Service Stations | 110,508,638 | 94,513,246  | 16.9 | Services                          | 422,421,255   | 450,028,147   | -6.1 |
| Communications                        | 104,042,913 | 102,051,335 | 2.0  | Public Administration             | 367,150       | 324,048       | 13.3 |

Source: Department of Revenue

# Remote Sellers

## State Sales Tax Reported by Remote Sellers - July 2020

[2019-2018 State Sales Tax Reported by Remote Seller.pdf](#)

|          | Current Year |          | Previous Year | \$ Change YoY |
|----------|--------------|----------|---------------|---------------|
| Jan 2020 | \$10,200,715 | Jan 2019 | \$8,353,613   | \$1,847,102   |
| Feb 2020 | \$6,102,724  | Feb 2019 | \$5,833,018   | \$269,706     |
| Mar 2020 | \$5,388,964  | Mar 2019 | \$5,169,870   | \$219,094     |
| Apr 2020 | \$6,727,771  | Apr 2019 | \$7,642,065   | (\$914,294)   |
| May 2020 | \$6,682,485  | May 2019 | \$7,418,818   | (\$736,333)   |
| Jun 2020 | \$6,390,215  | Jun 2019 | \$7,068,777   | (\$678,562)   |
| Jul 2020 | \$9,233,140  | Jul 2019 | \$8,515,404   | \$717,736     |

## City Sales Tax Reported by Remote Sellers - July 2020

[2019-2018 City Sales Tax Reported by Remote Seller.pdf](#)

|          | Current Year |          | Previous Year | \$ Change YoY |
|----------|--------------|----------|---------------|---------------|
| Jan 2020 | \$3,729,021  | Jan 2019 | \$3,386,816   | \$342,205     |
| Feb 2020 | \$2,399,905  | Feb 2019 | \$2,171,262   | \$228,643     |
| Mar 2020 | \$2,115,285  | Mar 2019 | \$2,011,840   | \$103,445     |
| Apr 2020 | \$2,528,599  | Apr 2019 | \$3,021,445   | (\$492,846)   |
| May 2020 | \$2,384,442  | May 2019 | \$2,805,377   | (\$420,935)   |
| Jun 2020 | \$2,300,943  | Jun 2019 | \$2,624,545   | (\$323,602)   |
| Jul 2020 | \$3,108,742  | Jul 2019 | \$3,153,622   | (\$44,880)    |

Source: Department of Revenue



## Other Discussion Items

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