

Governor's Council of Economic Advisors

August 27, 2026



Outline of Presentation

- US Economy
- US Economy Forecast
- SD Economy
- SD Economy Forecast
- General Fund Revenue Collections
- Roundtable Discussion
- Other Items

US Economy

Consumption

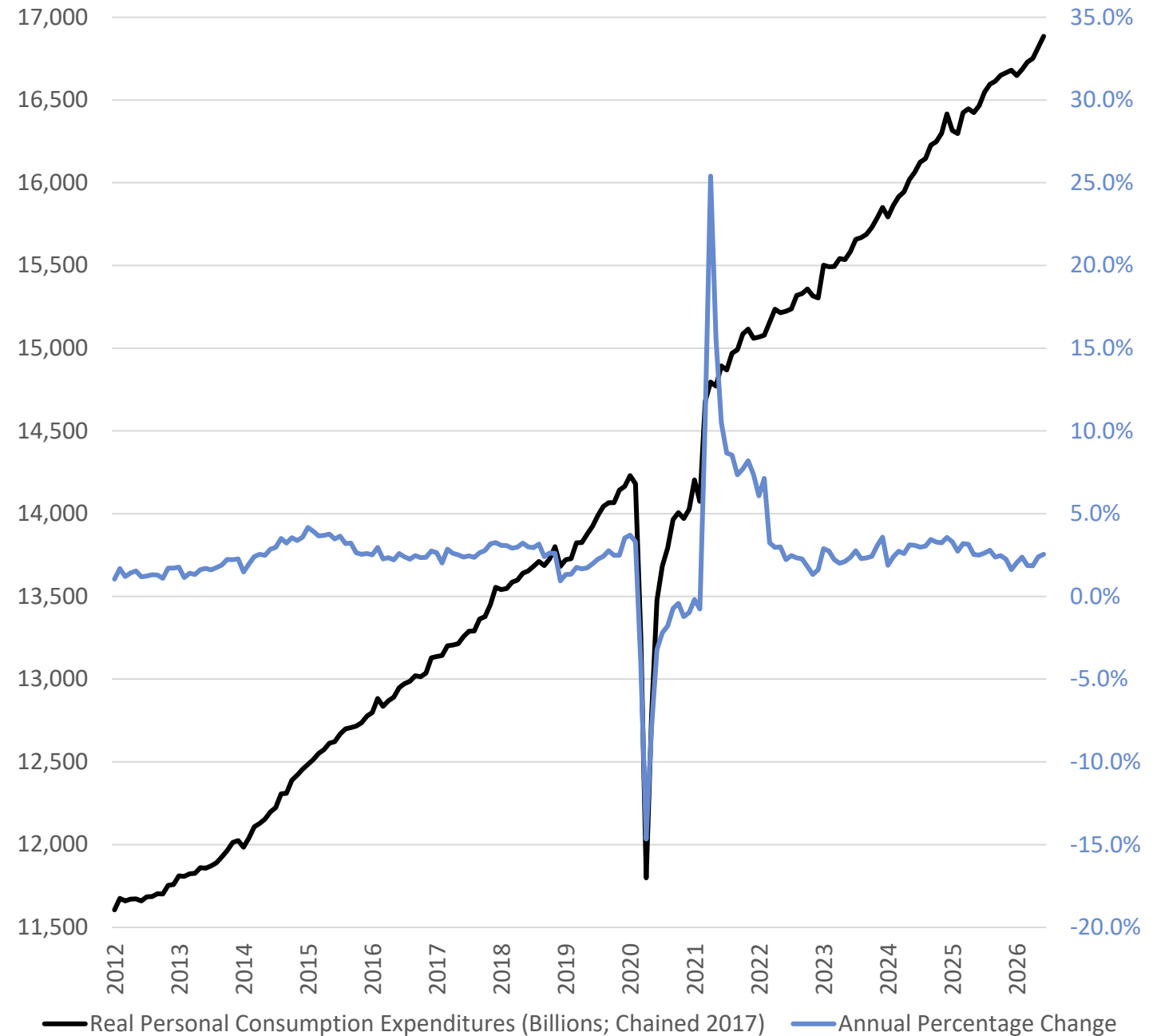
Federal Fiscal Picture

Employment and Unemployment

Inflation

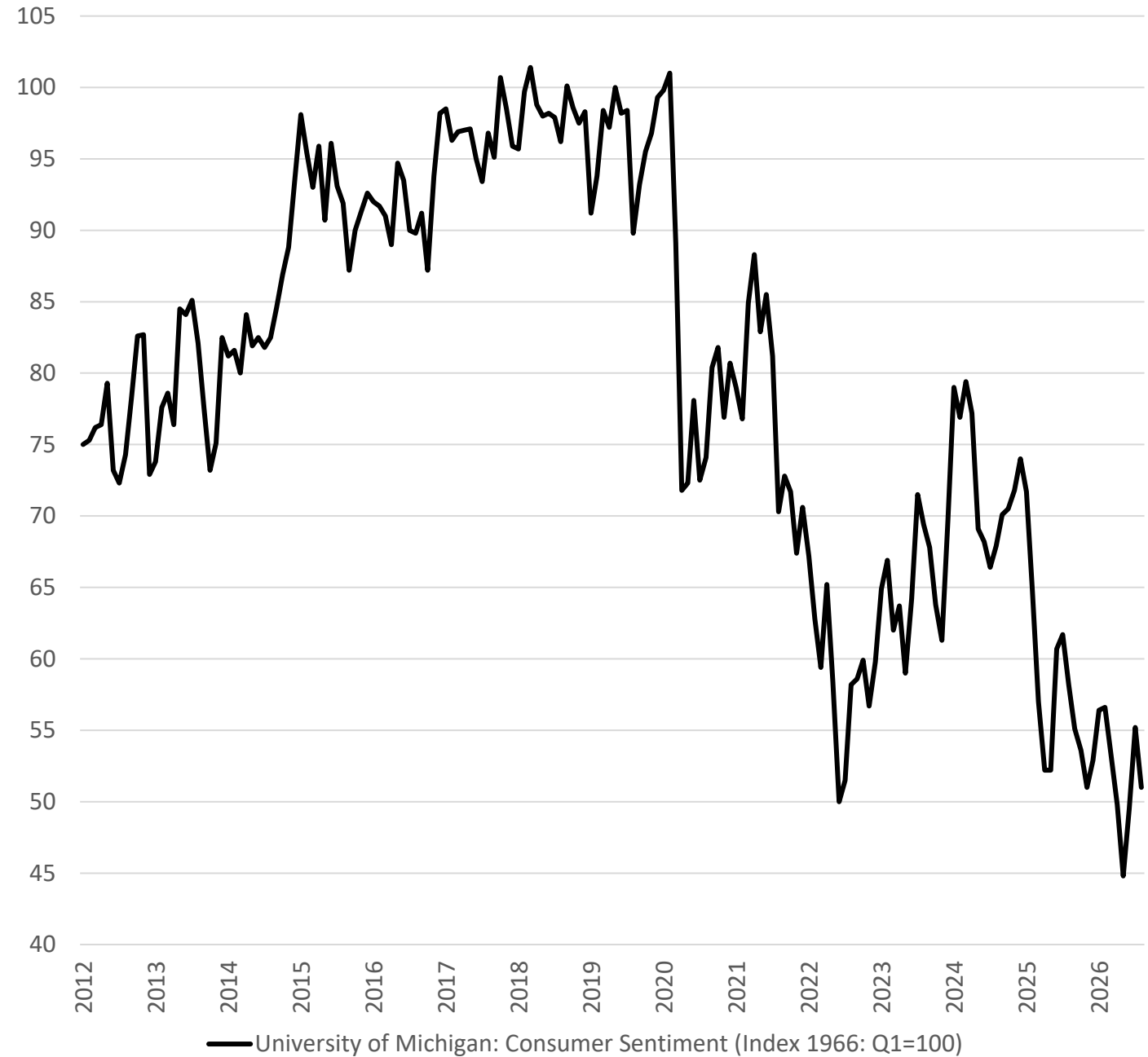


US Real Personal Consumption Expenditures



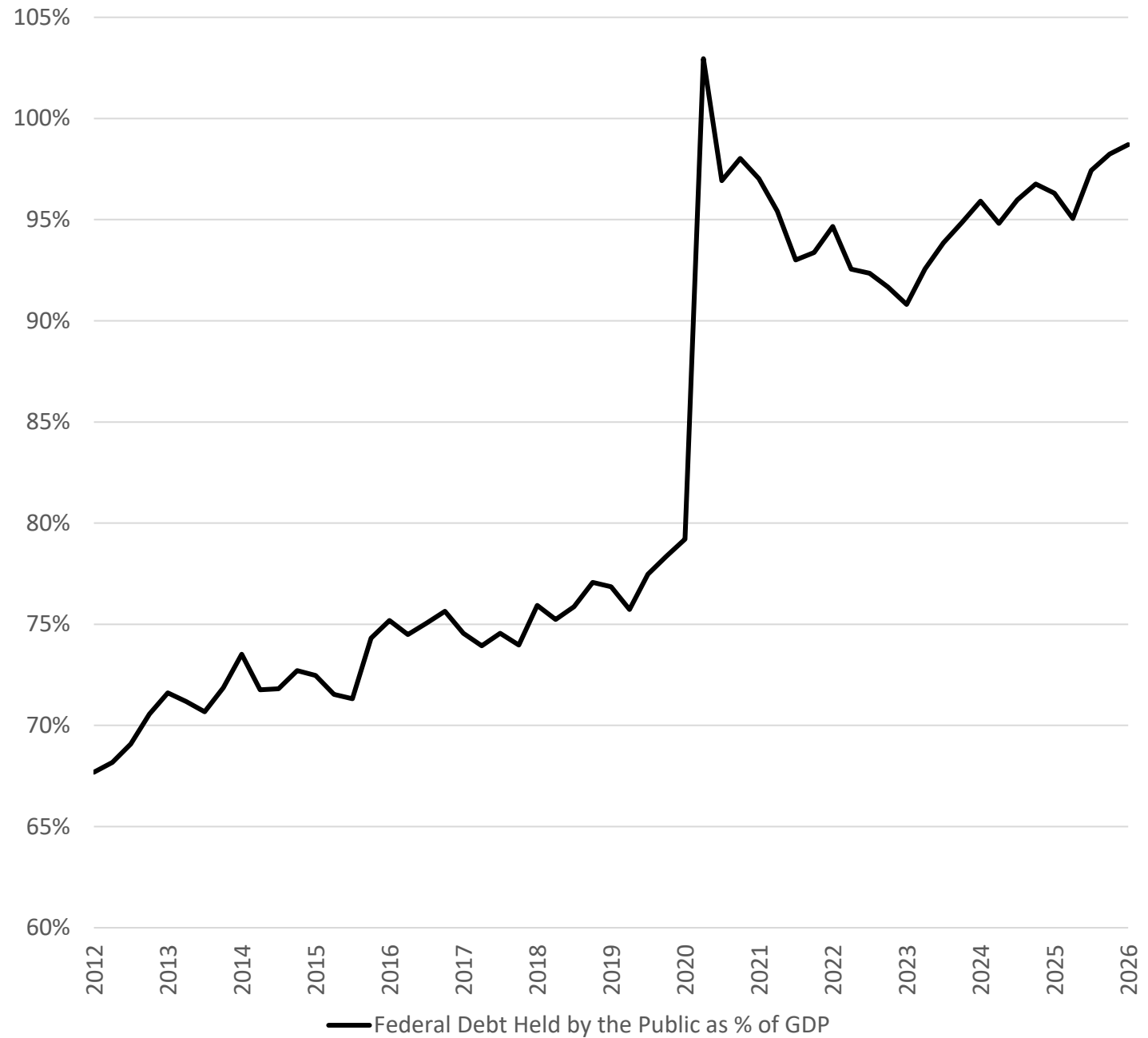


US Consumer Sentiment



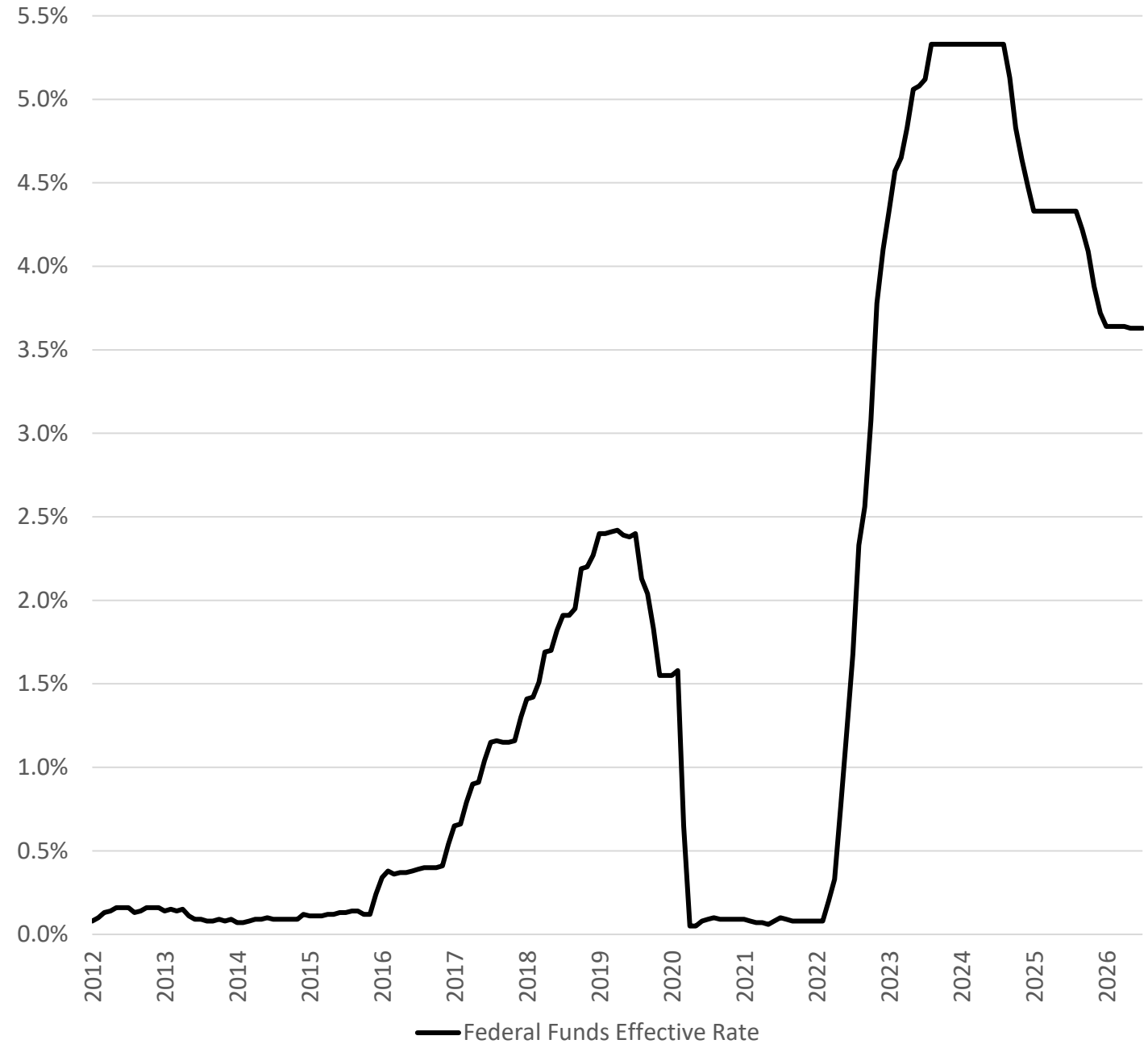


Debt Held by Public

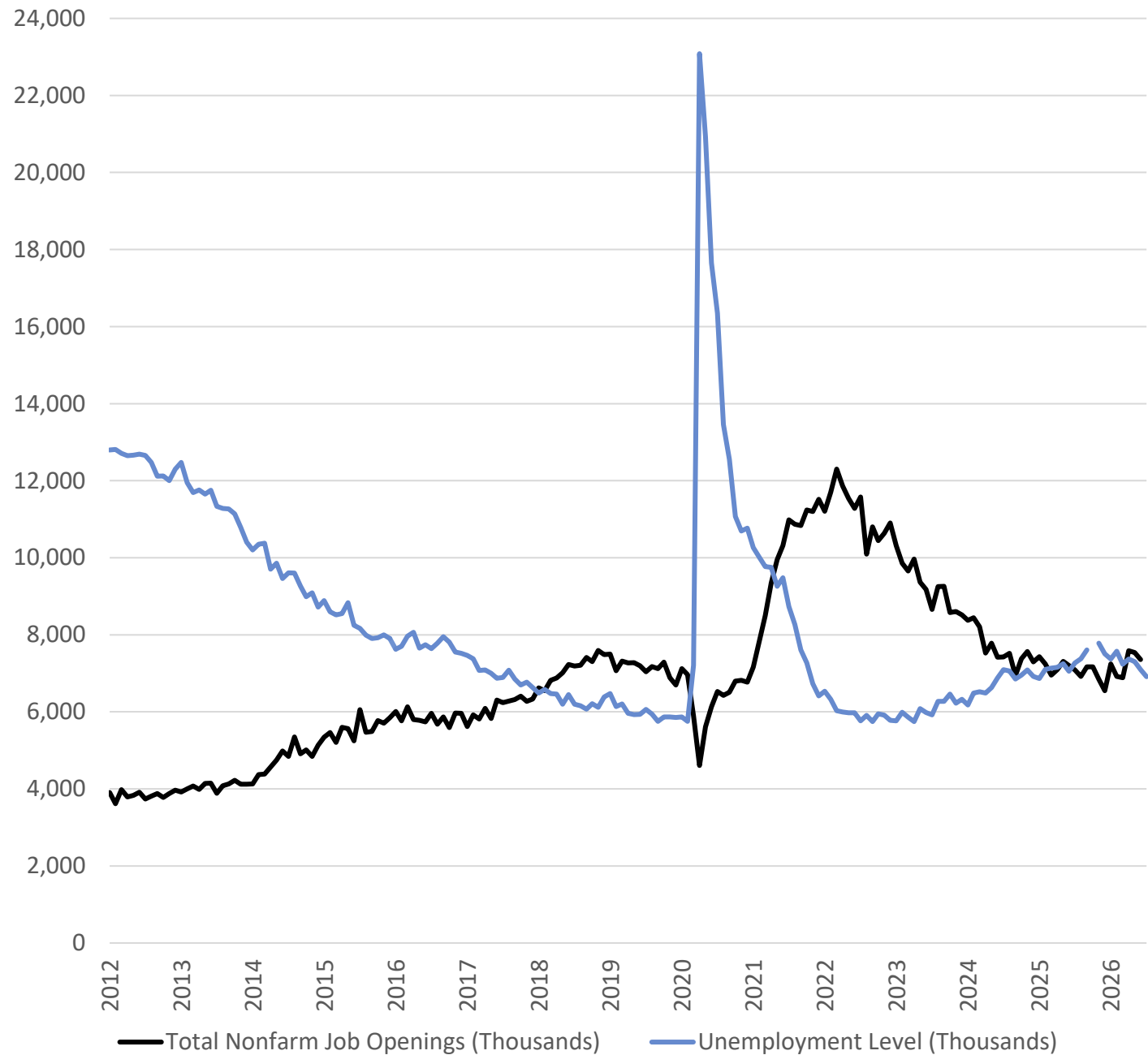




Interest Rates

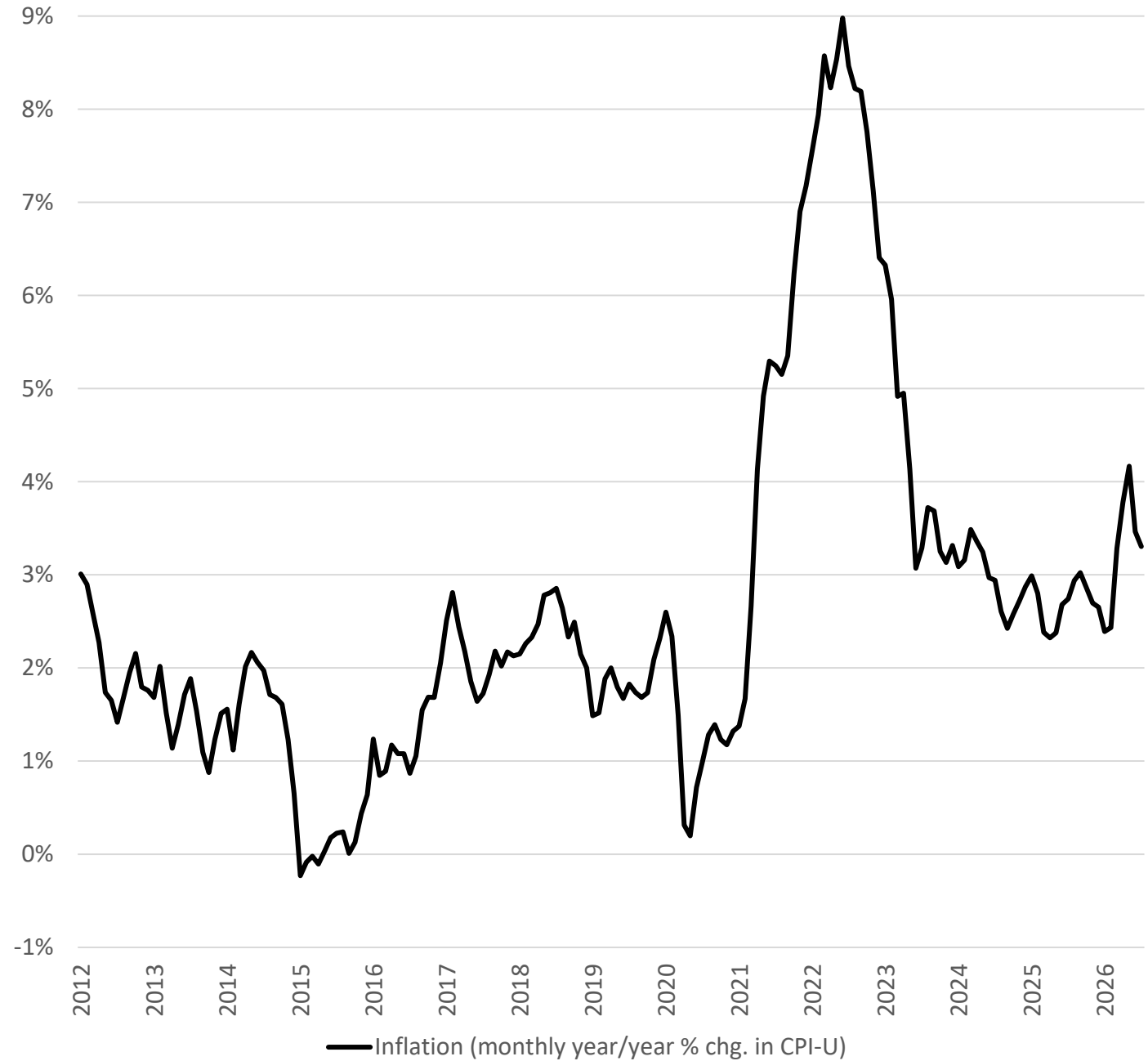


US Job Openings vs. Unemployed





Inflation: CPI



S&P Global Forecast - US

	2020	2021	2022	2023	2024	2025	2026 f	2027 f	2028 f	'15-'25 avg.
Real GDP Growth	-2.1%	6.2%	2.5%	2.9%	2.8%	2.1%	2.1%	2.3%	2.3%	2.5%
Nonfarm Employment	-5.8%	2.9%	4.3%	2.2%	1.2%	0.5%	0.3%	0.3%	0.3%	1.2%
Personal Income	6.9%	9.5%	3.0%	6.5%	5.6%	4.8%	3.6%	5.9%	6.0%	5.3%
Unemployment Rate	8.1%	5.4%	3.6%	3.6%	4.0%	4.3%	4.3%	4.4%	4.3%	4.6%
CPI-U	1.3%	4.7%	8.0%	4.1%	3.0%	2.6%	3.2%	2.2%	2.3%	2.9%

S&P Global Alternate Scenarios - US

Optimistic Scenario (25% probability)					Pessimistic Scenario (25% probability)			
	2026 f	2027 f	2028 f		2026 f	2027 f	2028 f	'15-'25 avg.
Real GDP Growth	2.1%	2.9%	2.8%		2.0%	1.6%	2.0%	2.5%
Nonfarm Employment	0.3%	0.3%	0.3%		0.3%	-0.1%	-0.2%	1.2%
Personal Income	3.6%	6.0%	6.5%		3.7%	5.9%	5.8%	5.3%
Unemployment Rate	4.3%	4.3%	4.3%		4.4%	4.9%	5.2%	4.6%
CPI-U	2.8%	2.0%	2.5%		3.4%	3.8%	2.3%	2.9%

SD Forecast

Employment

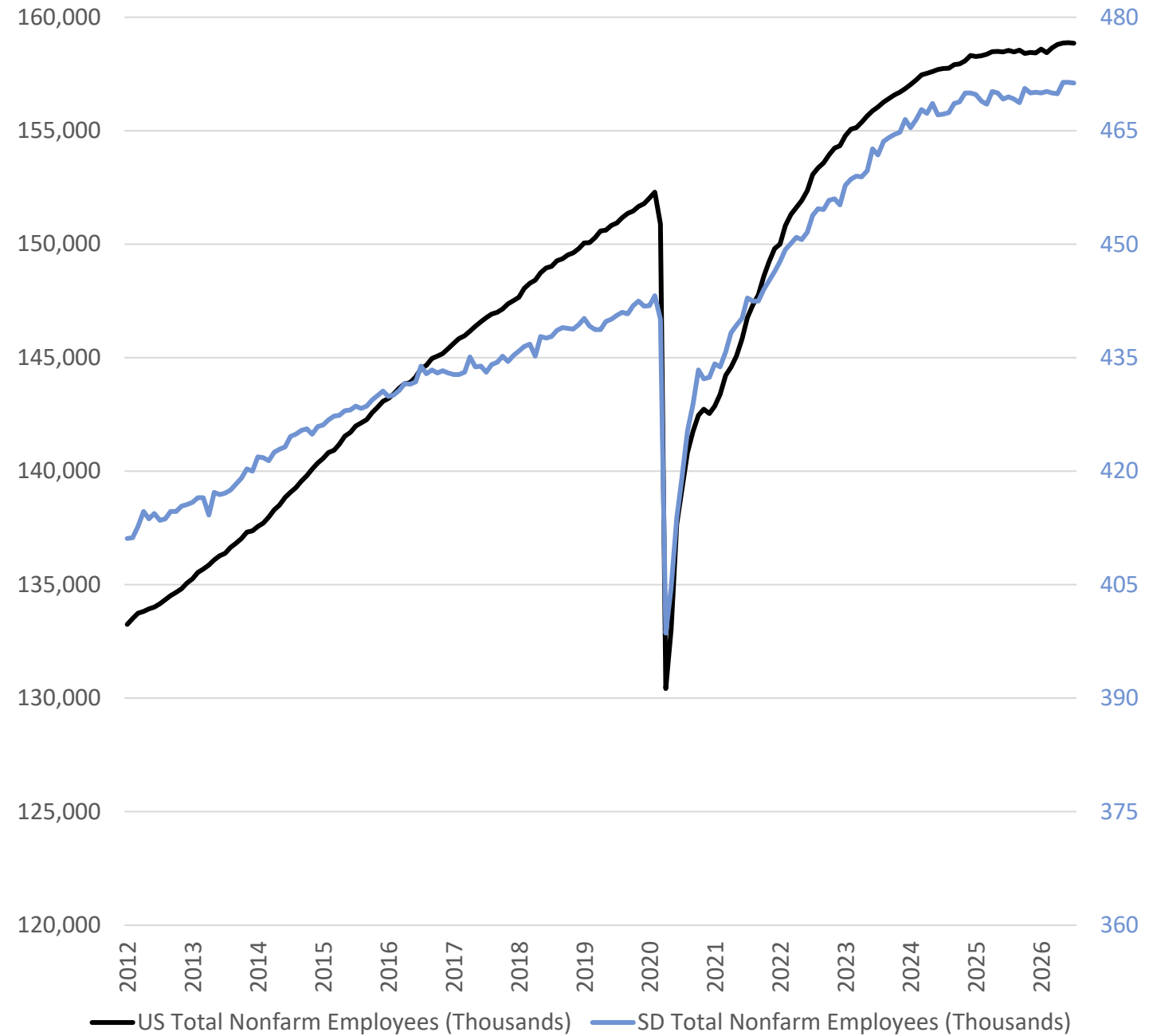
Housing

Income

Tourism

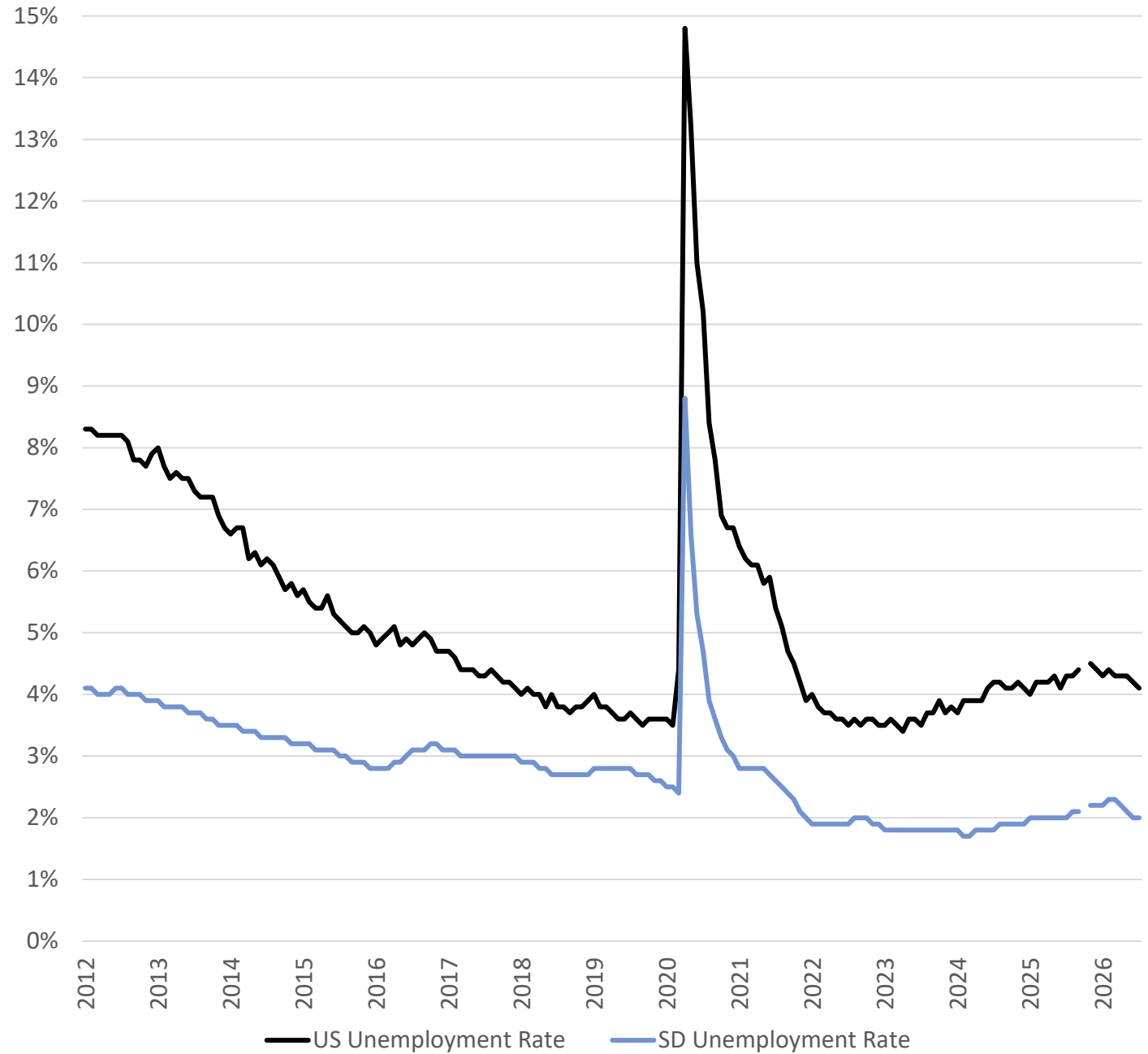


Employment Growth



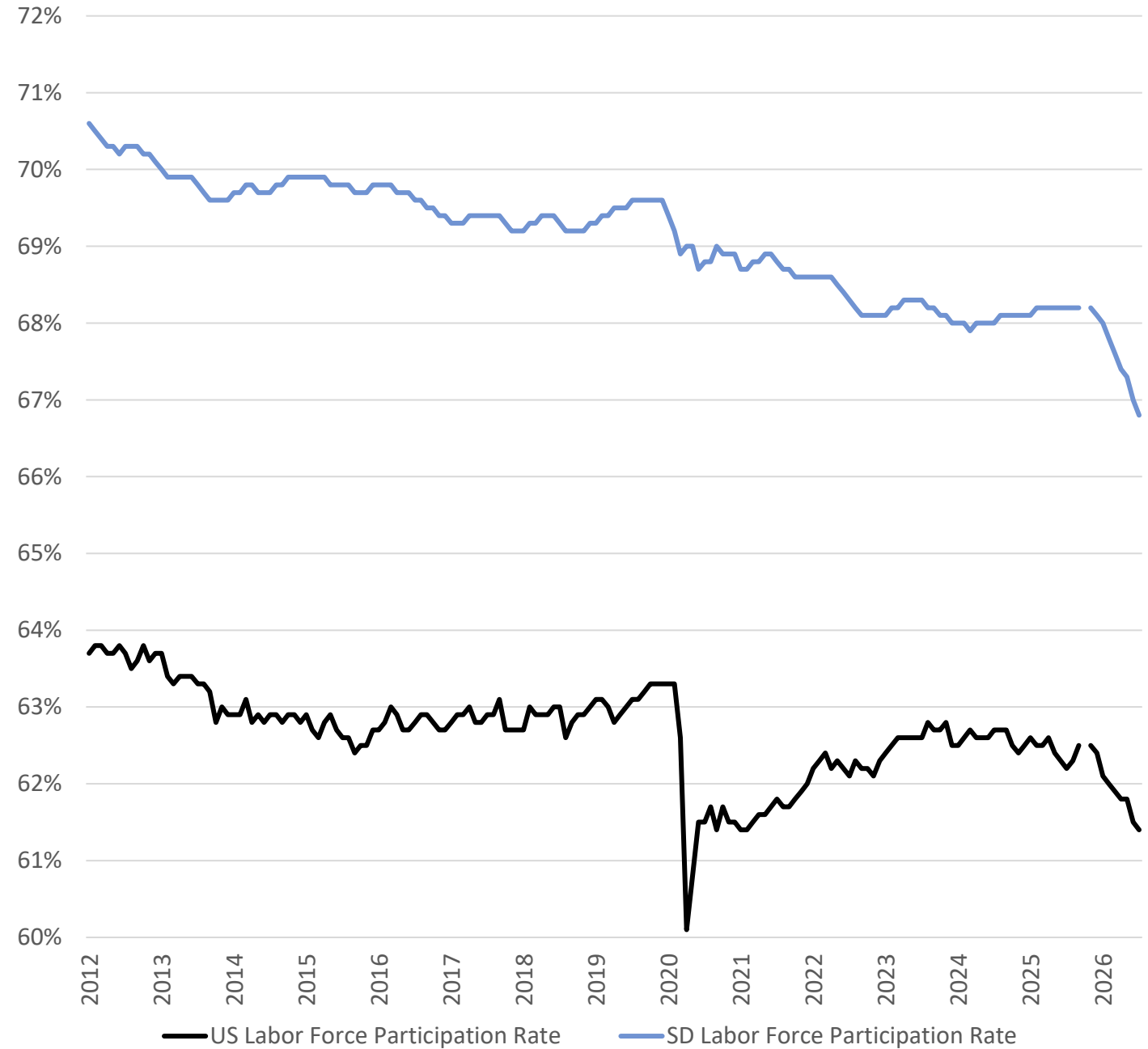


Unemployment Rate



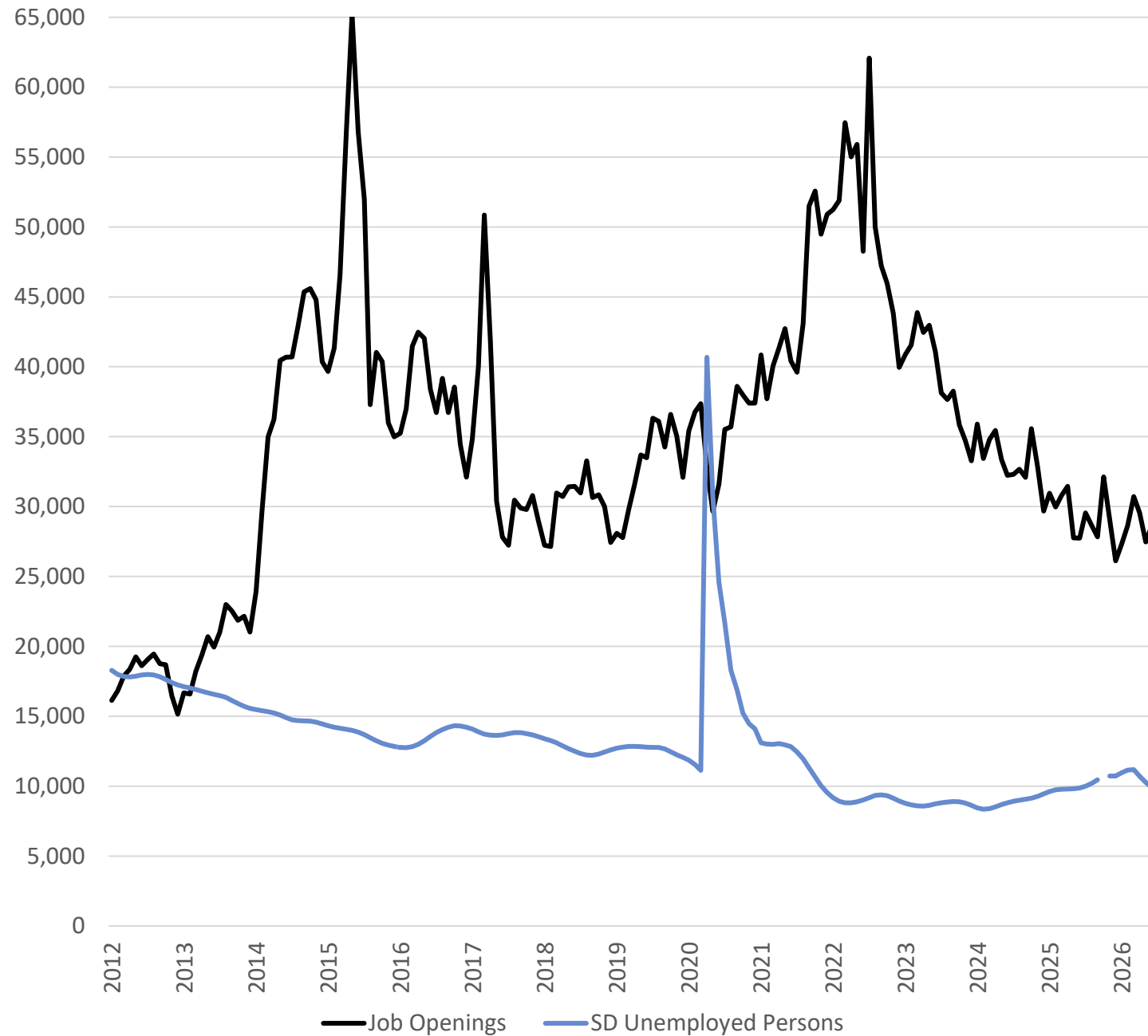


Labor Force Participation Rate



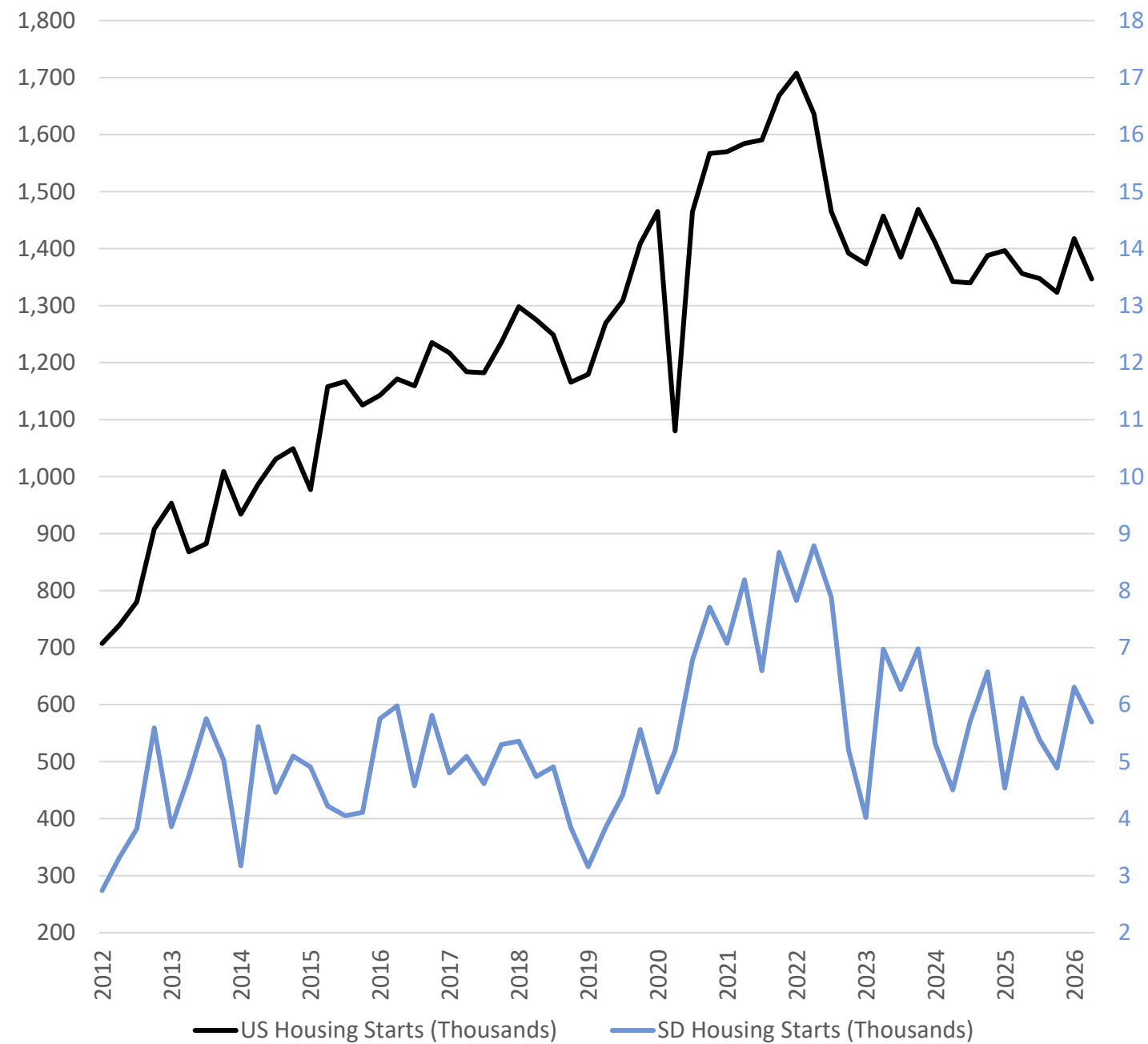


SD Job Openings vs. Unemployed



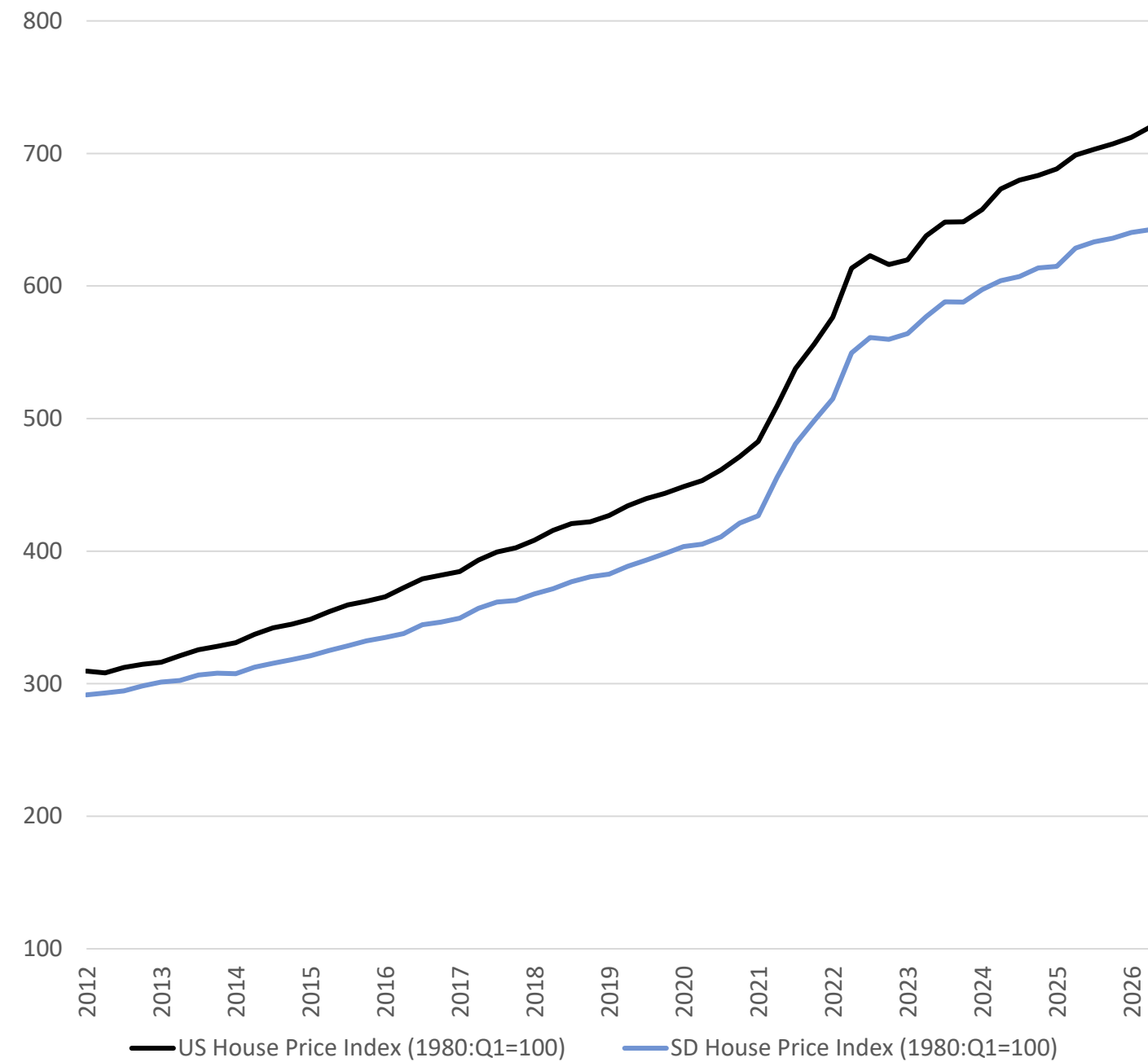


Housing Starts



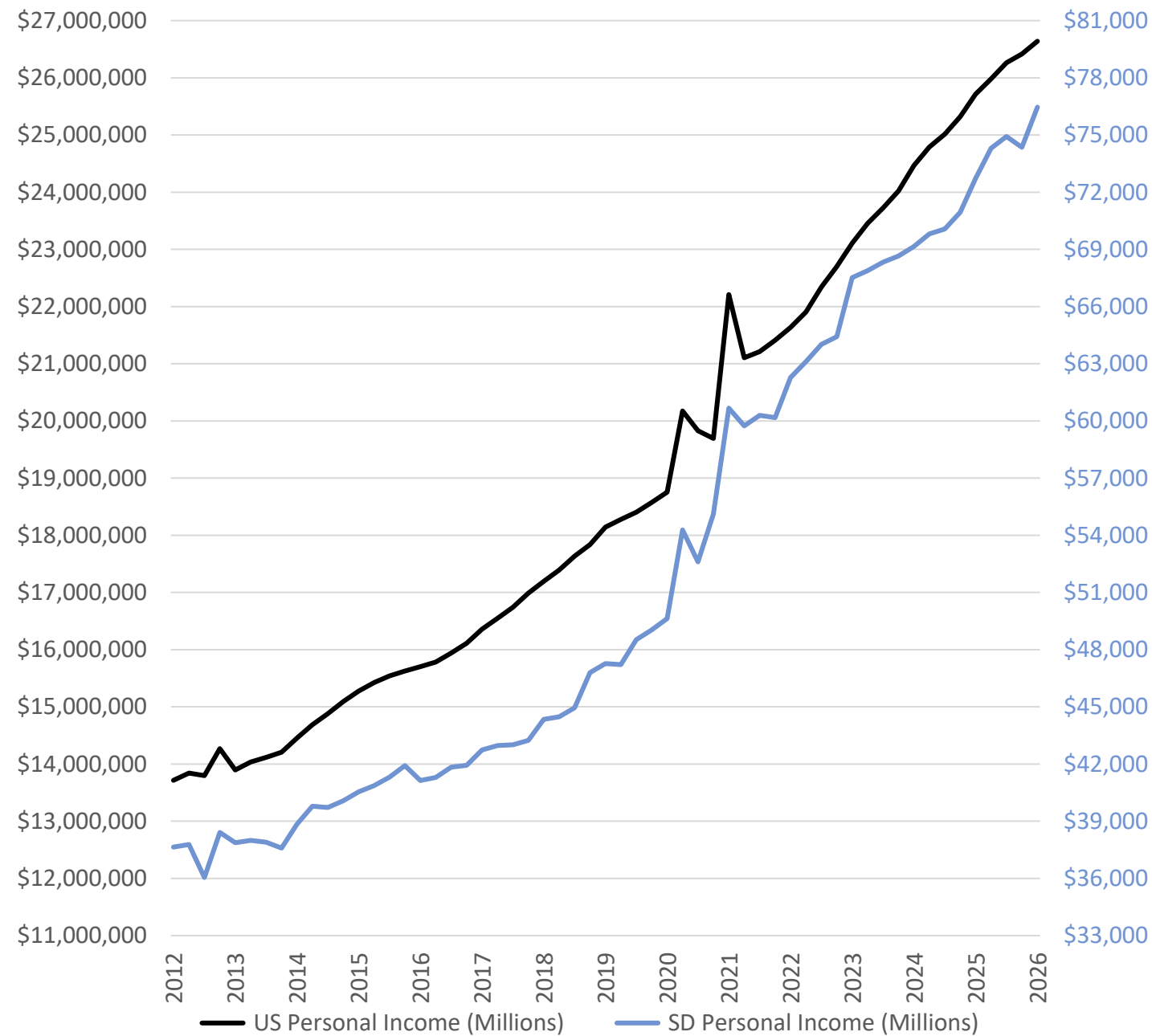


Home Price



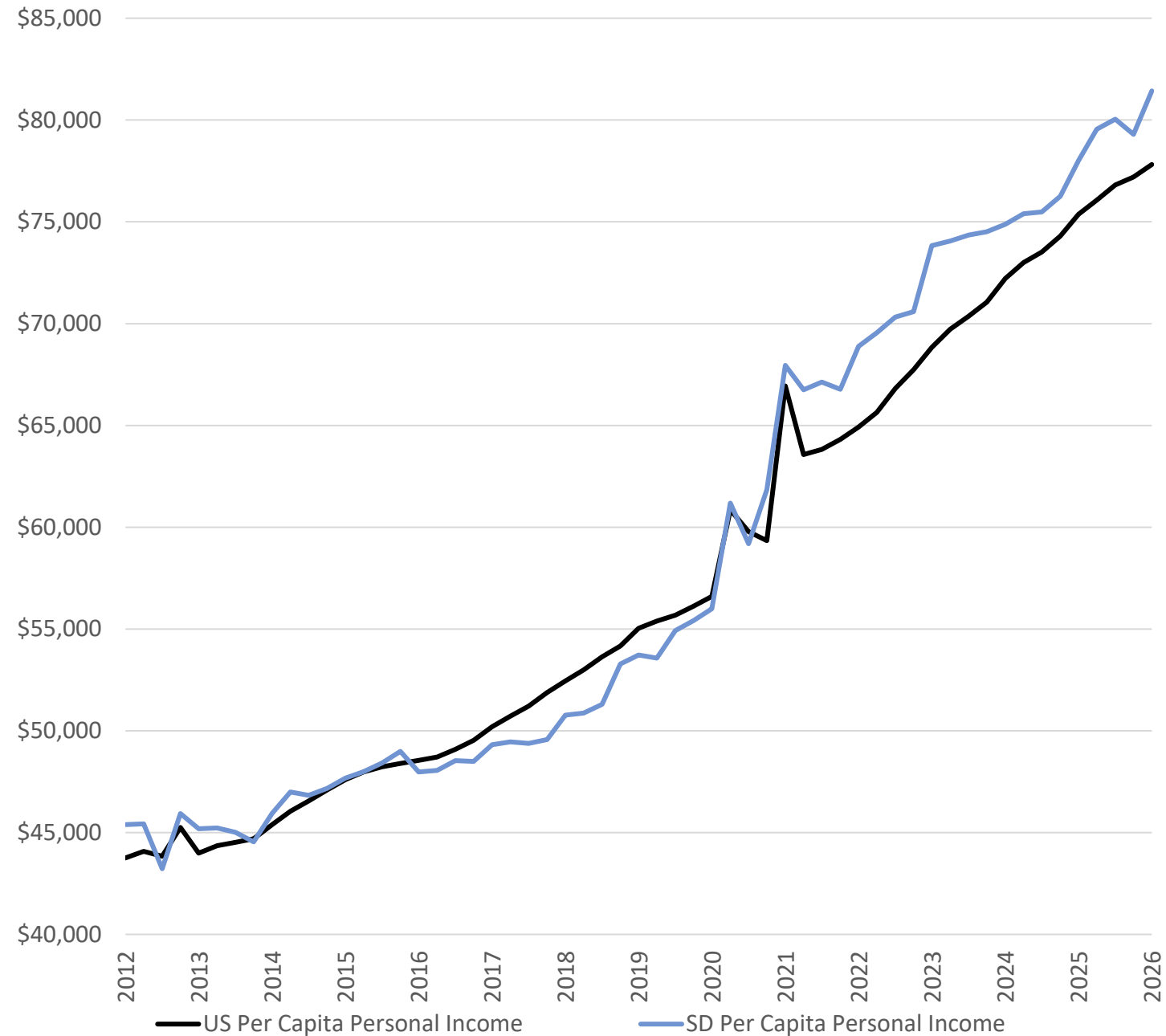


Personal Income

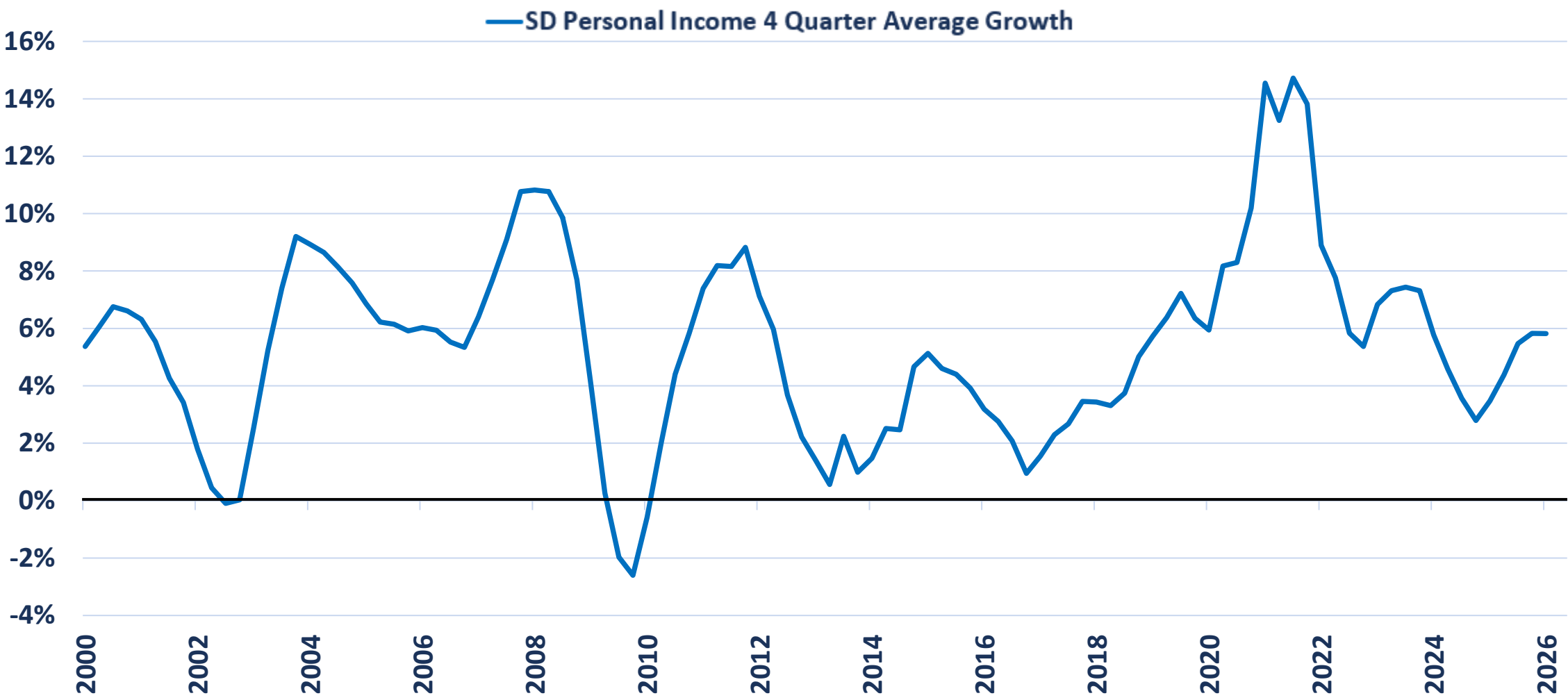




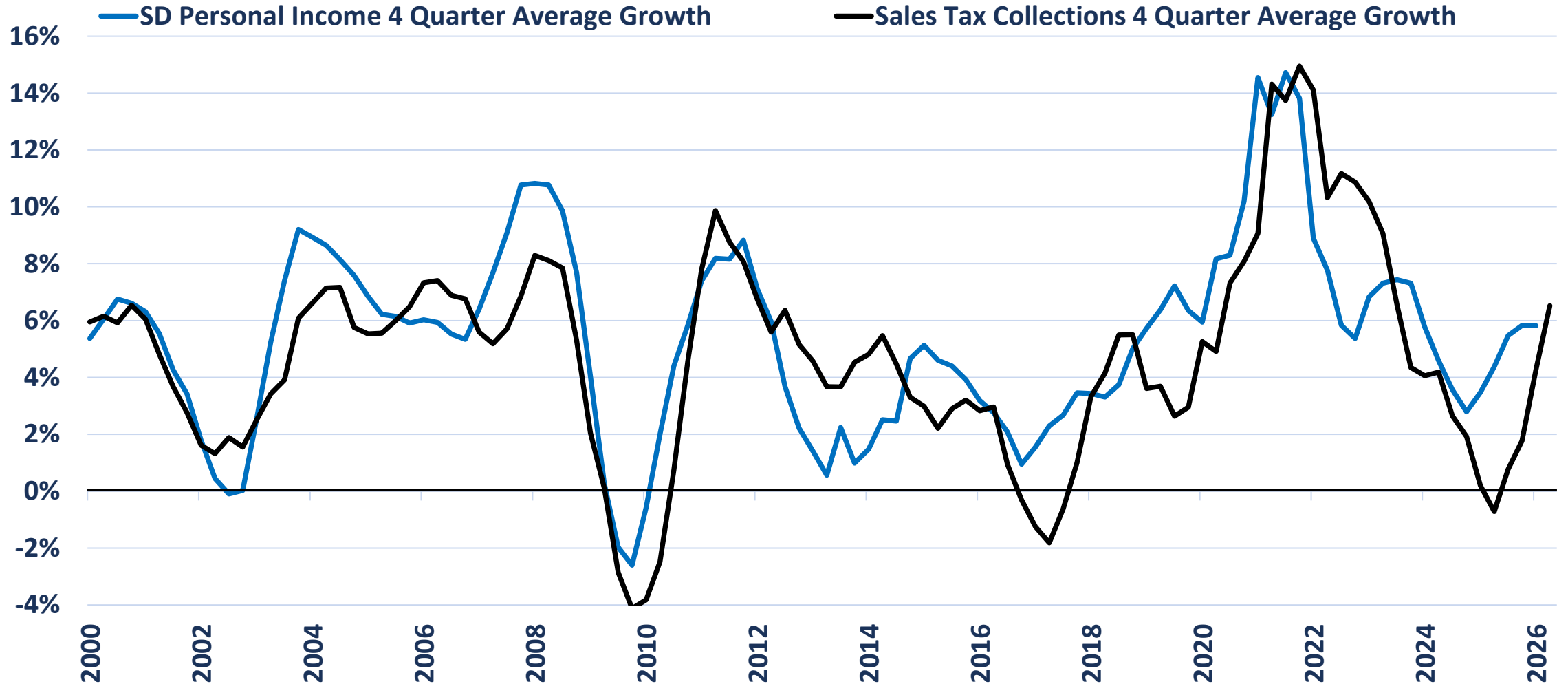
Per Capita Personal Income



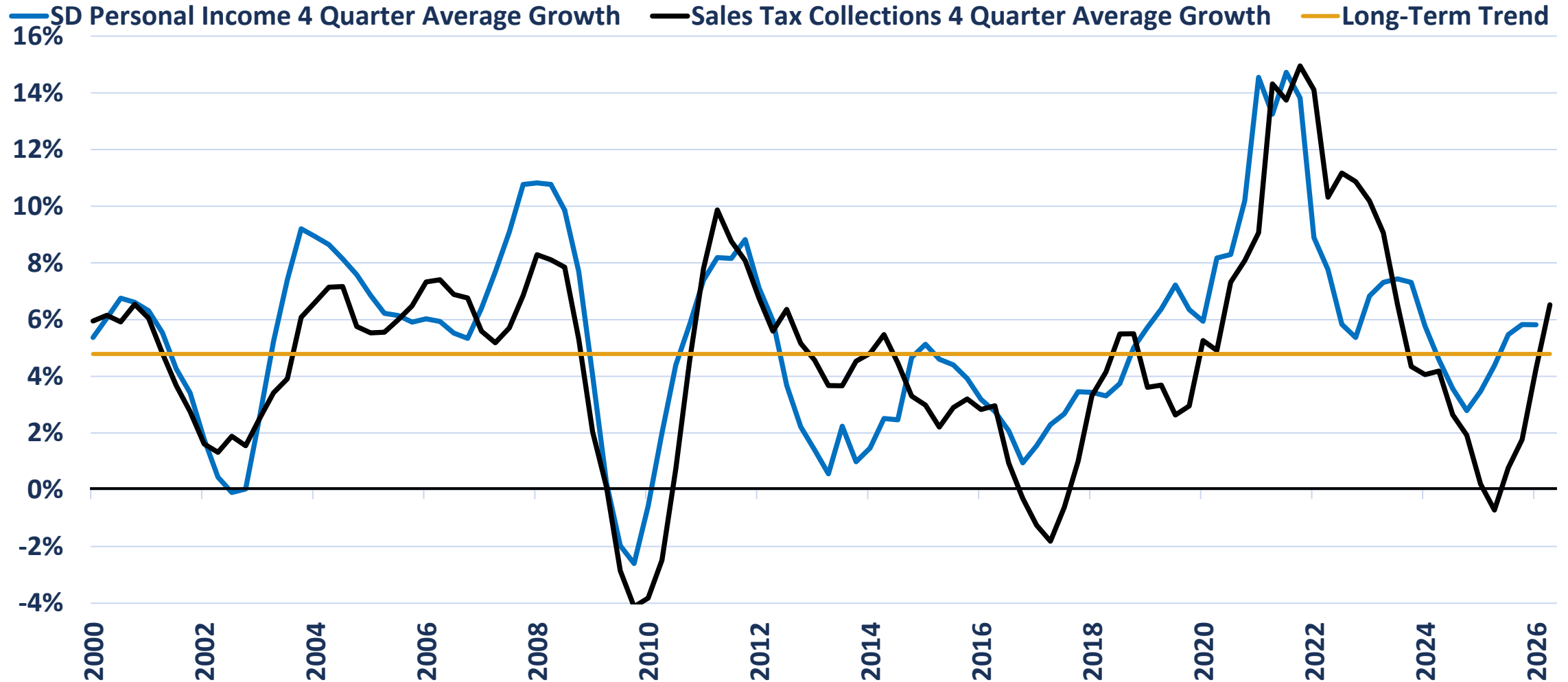
SD Personal Income



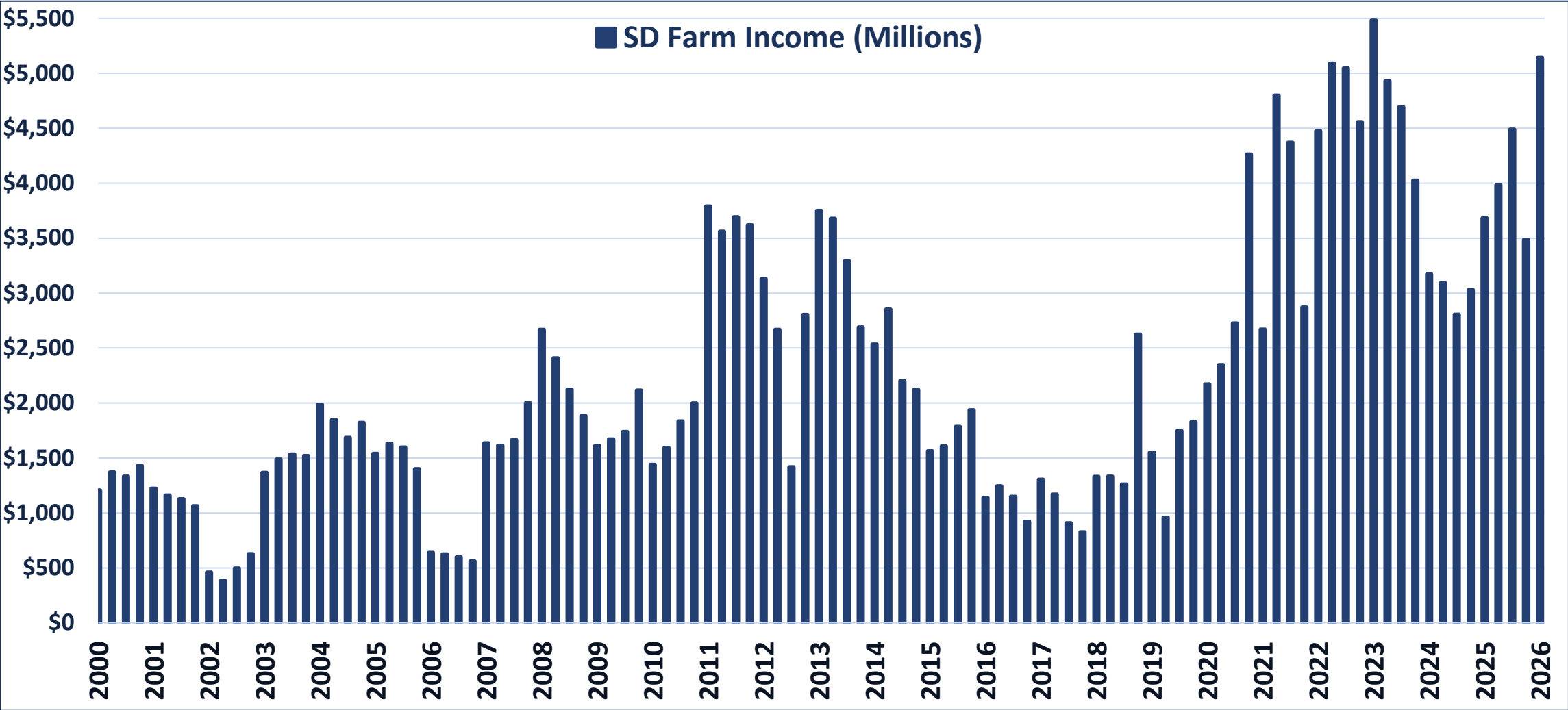
SD Personal Income vs. Sales Tax Collections



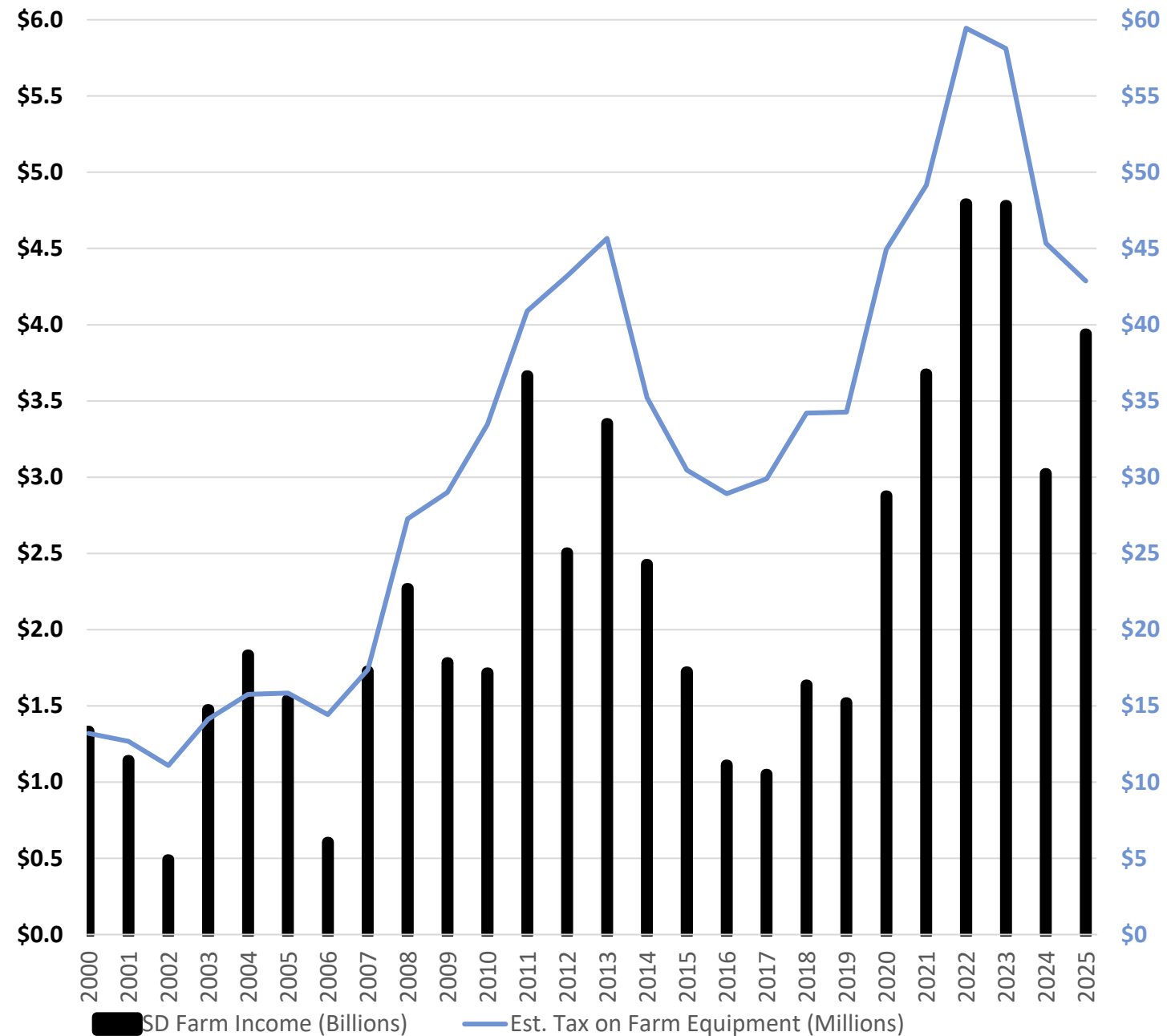
SD Personal Income vs. Sales Tax Collections



SD Farm Income

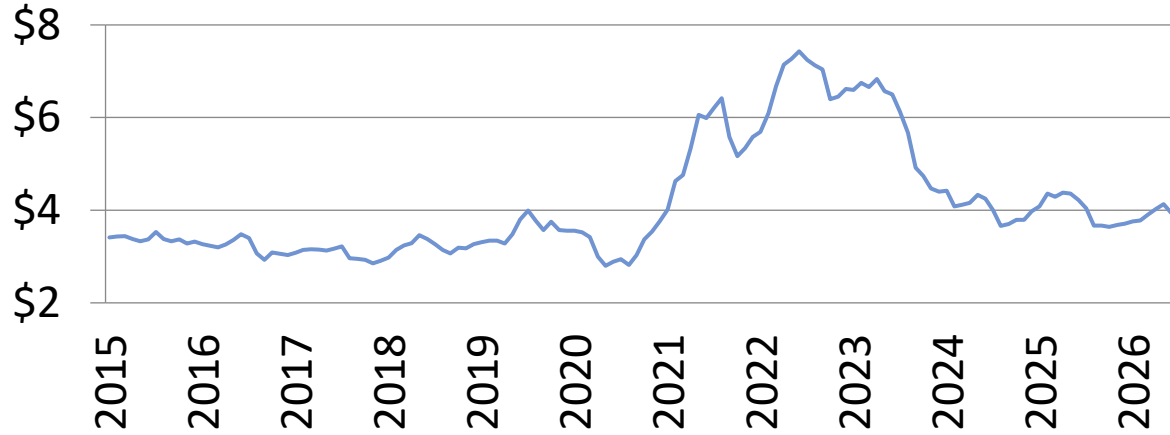


SD Farm Income & Spending on Equipment

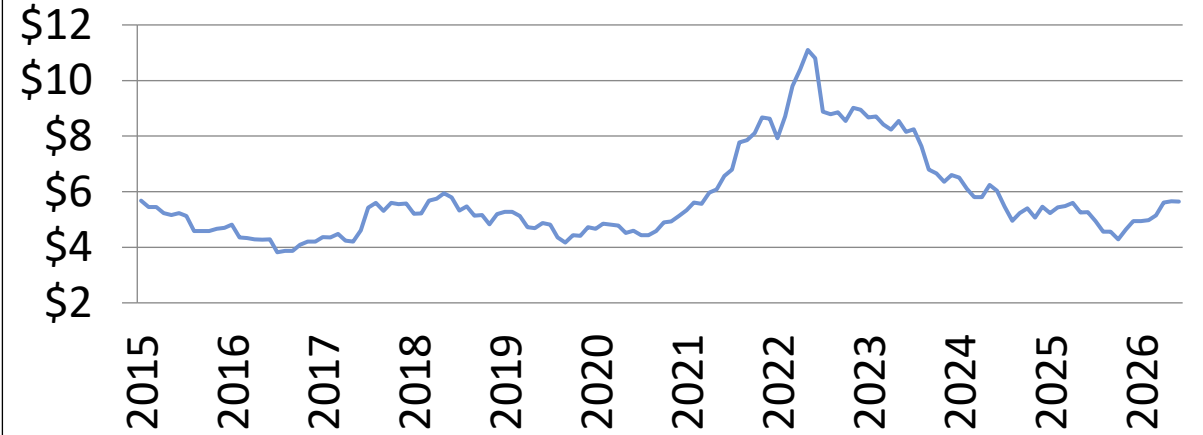


Agriculture Economy/Prices

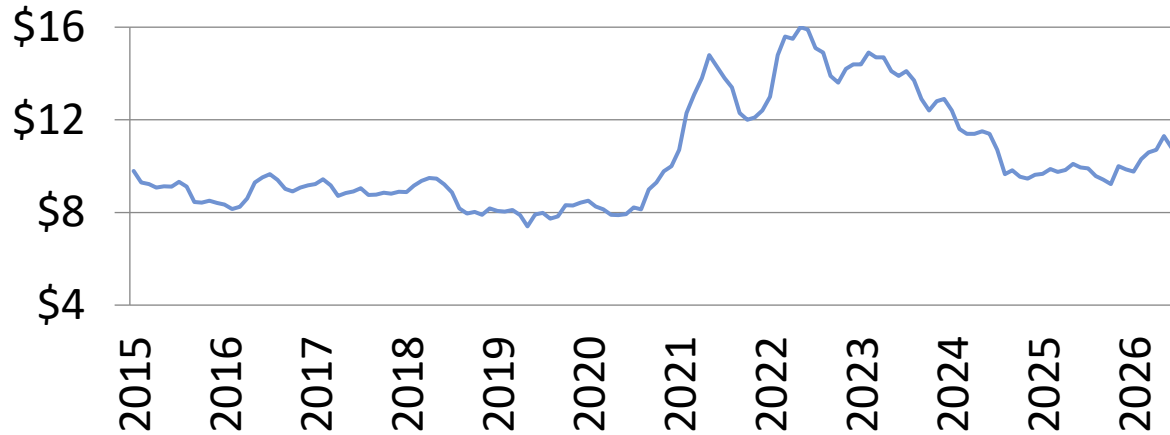
SD Corn Prices



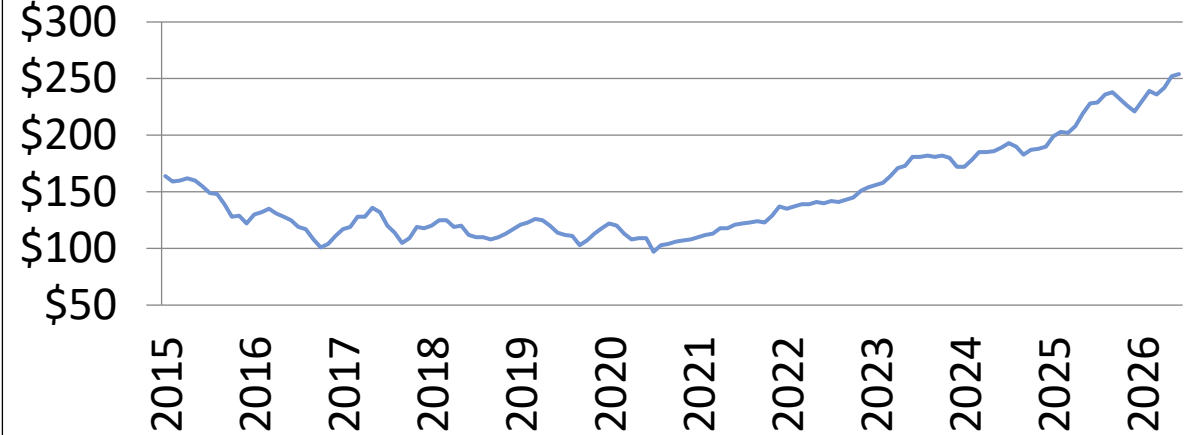
SD Wheat Prices



SD Soybean Prices

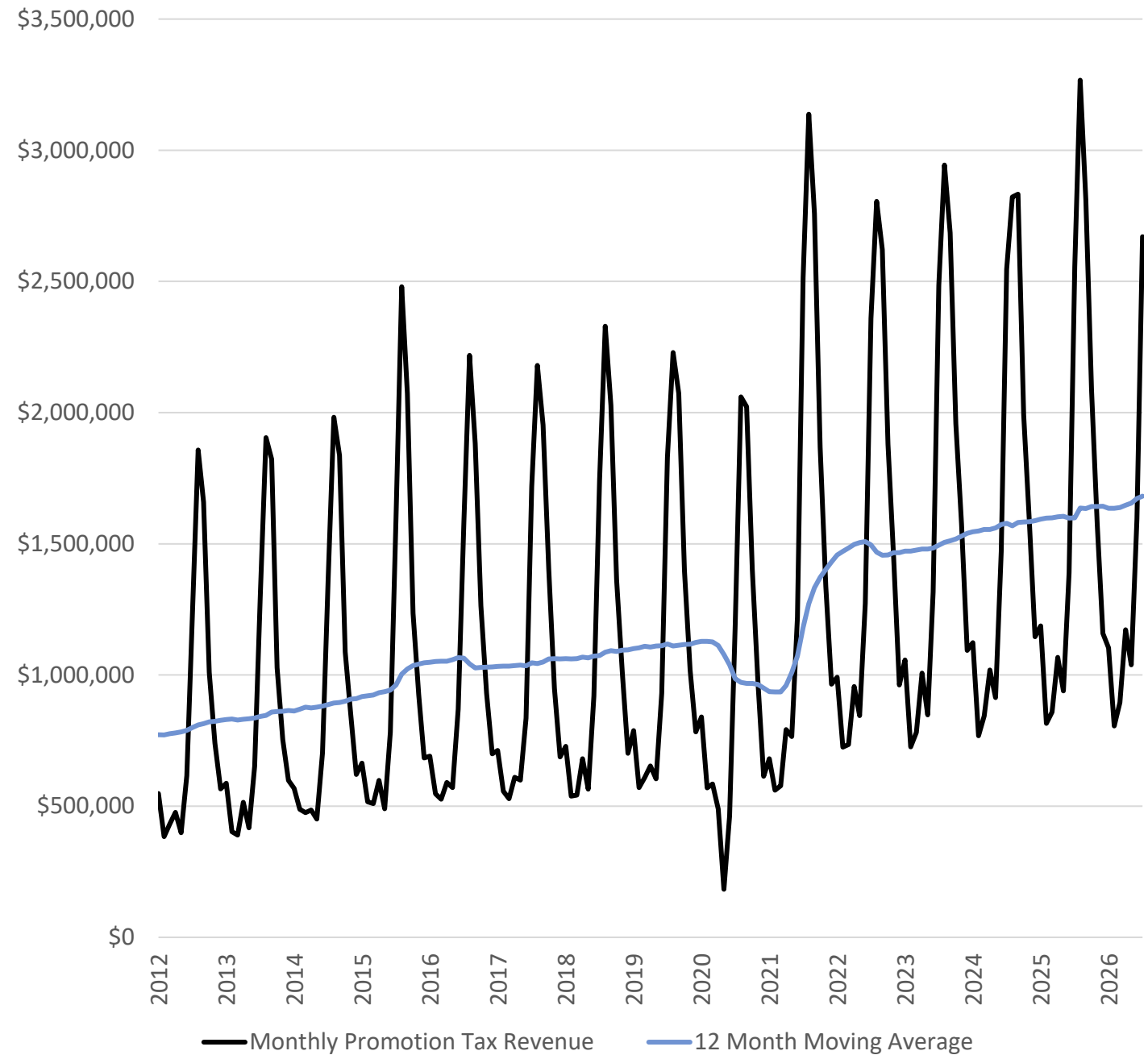


Prices Received All Beef Cattle (US) \$/cwt



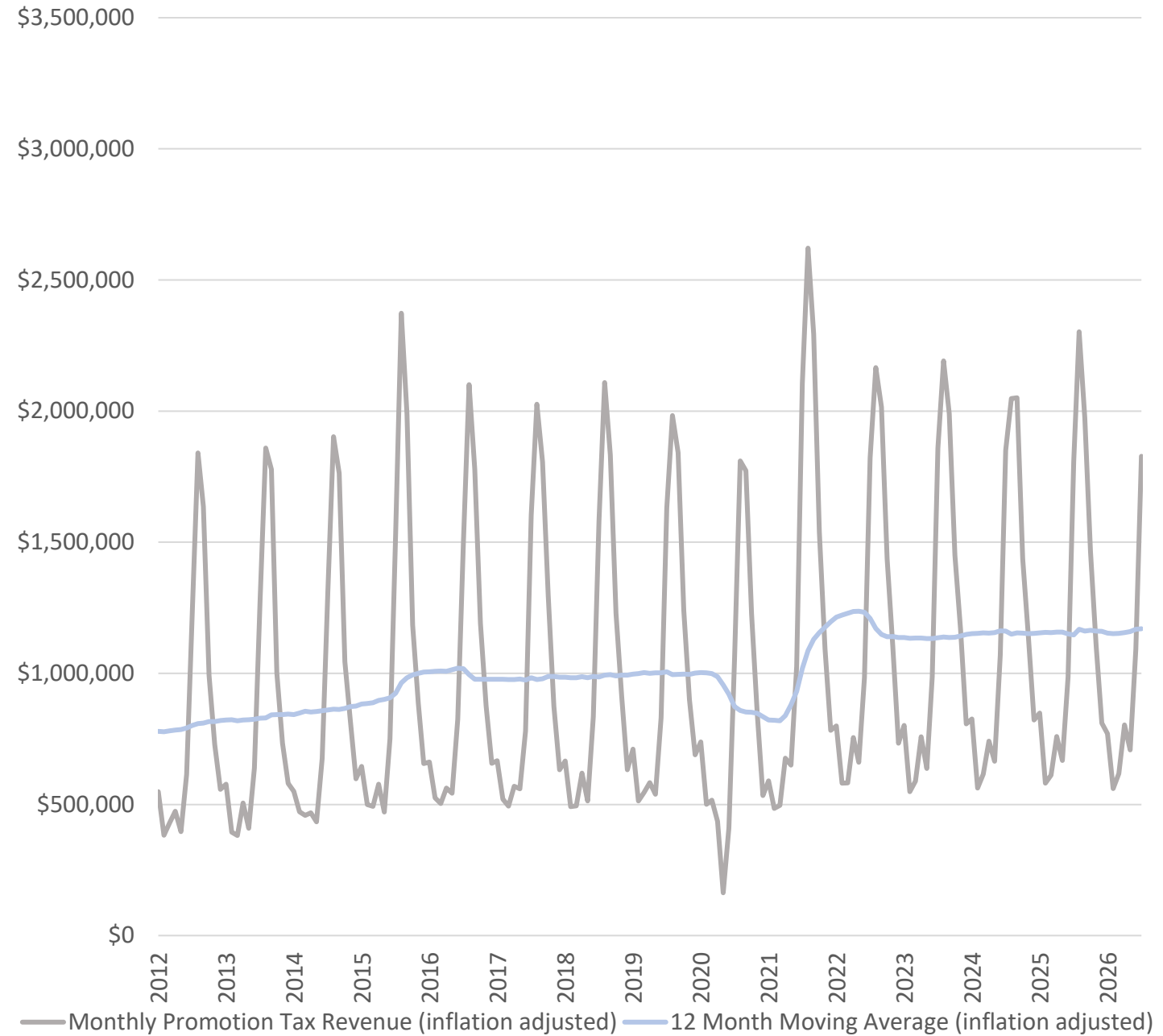


SD Tourism Promotion Tax Collections





SD Tourism Promotion Tax Collections (inflation adjusted)



S&P Global Forecast - SD

	2020	2021	2022	2023	2024	2025	2026 f	2027 f	2028 f	'15-'25 avg.
Real GDP Growth	1.6%	5.0%	-1.4%	3.6%	0.8%	1.4%	2.4%	2.6%	2.1%	1.5%
Nonfarm Employment	-3.2%	3.4%	2.7%	2.1%	1.3%	0.4%	0.4%	0.4%	0.2%	1.0%
Personal Income	10.2%	13.8%	5.4%	7.3%	2.8%	5.8%	2.9%	5.3%	6.7%	5.9%
Housing Starts	6,038	7,633	7,426	6,063	5,525	5,231	5,748	5,283	5,173	5,607
Unemployment Rate	4.1%	2.6%	1.9%	1.8%	1.8%	2.1%	2.2%	2.3%	2.4%	2.6%



General Fund Revenue



FY2026
Year-End

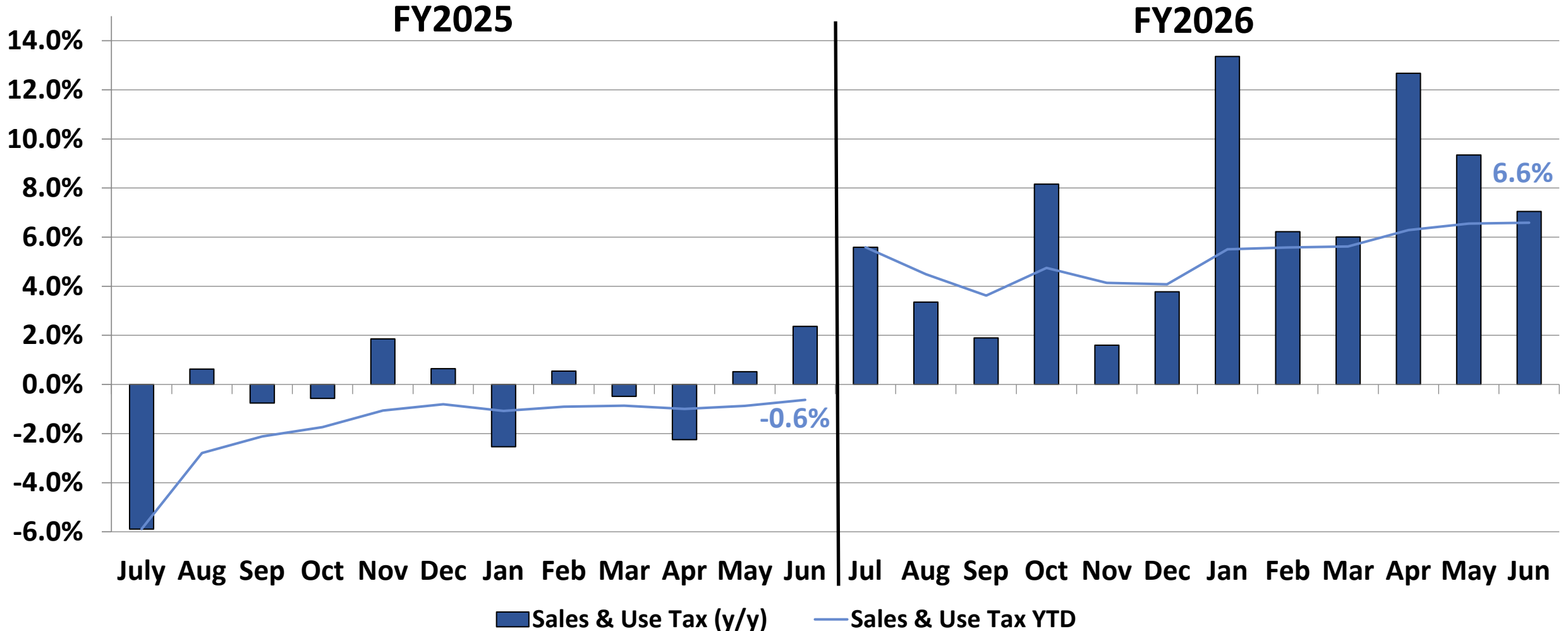


General Fund Receipts

*Legislative Revised
FY2026 vs.
Actual FY2026*

	LEG REVISED FY2026	ACTUAL FY2026	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,509,789,226	1,527,005,026	17,215,800	1.14
Lottery	183,588,379	184,771,439	1,183,060	0.64
Contractor's Excise Tax	217,597,092	217,065,455	(531,637)	(0.24)
Insurance Company Tax	152,947,123	142,019,085	(10,928,038)	(7.14)
Unclaimed Property Receipts	61,384,827	62,741,618	1,356,791	2.21
Licenses, Permits, and Fees	77,064,730	79,357,600	2,292,870	2.98
Tobacco Taxes	42,608,593	41,934,395	(674,198)	(1.58)
Trust Funds	52,387,402	52,387,122	(280)	(0.00)
Net Transfers In	27,996,339	31,434,122	3,437,783	12.28
Alcohol Beverage Tax	8,863,062	8,521,457	(341,605)	(3.85)
Bank Franchise Tax	29,987,599	35,345,706	5,358,107	17.87
Charges for Goods and Services	13,127,959	13,609,800	481,841	3.67
Telecommunications Tax	3,002,749	3,190,014	187,265	6.24
Severance Taxes	23,988,265	20,709,249	(3,279,016)	(13.67)
Investment Income and Interest	72,101,052	72,241,654	140,602	0.20
Alcohol Bev 2% Wholesale Tax	3,137,273	3,025,954	(111,319)	(3.55)
TOTAL (ONGOING RECEIPTS)	\$ 2,479,571,670	\$ 2,495,359,694	\$ 15,788,024	0.64
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	155,380	1,761,519	1,606,139	1033.68
One-Time Sales and Use Tax	0	4,135,875	4,135,875	N/A
Transfer from Trust Fund for Unclaimed Property	8,212,497	8,212,497	0	0.00
Unexpended Carryovers and Specials	0	8,178,928	8,178,928	N/A
Transfer from Budget Reserves	101,467,624	101,467,624	0	0.00
Obligated Cash Carried Forward	169,229,772	169,229,772	0	0.00
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 279,065,273	\$ 292,986,215	\$ 13,920,942	4.99
GRAND TOTAL	\$ 2,758,636,943	\$ 2,788,345,910	\$29,708,966	1.08

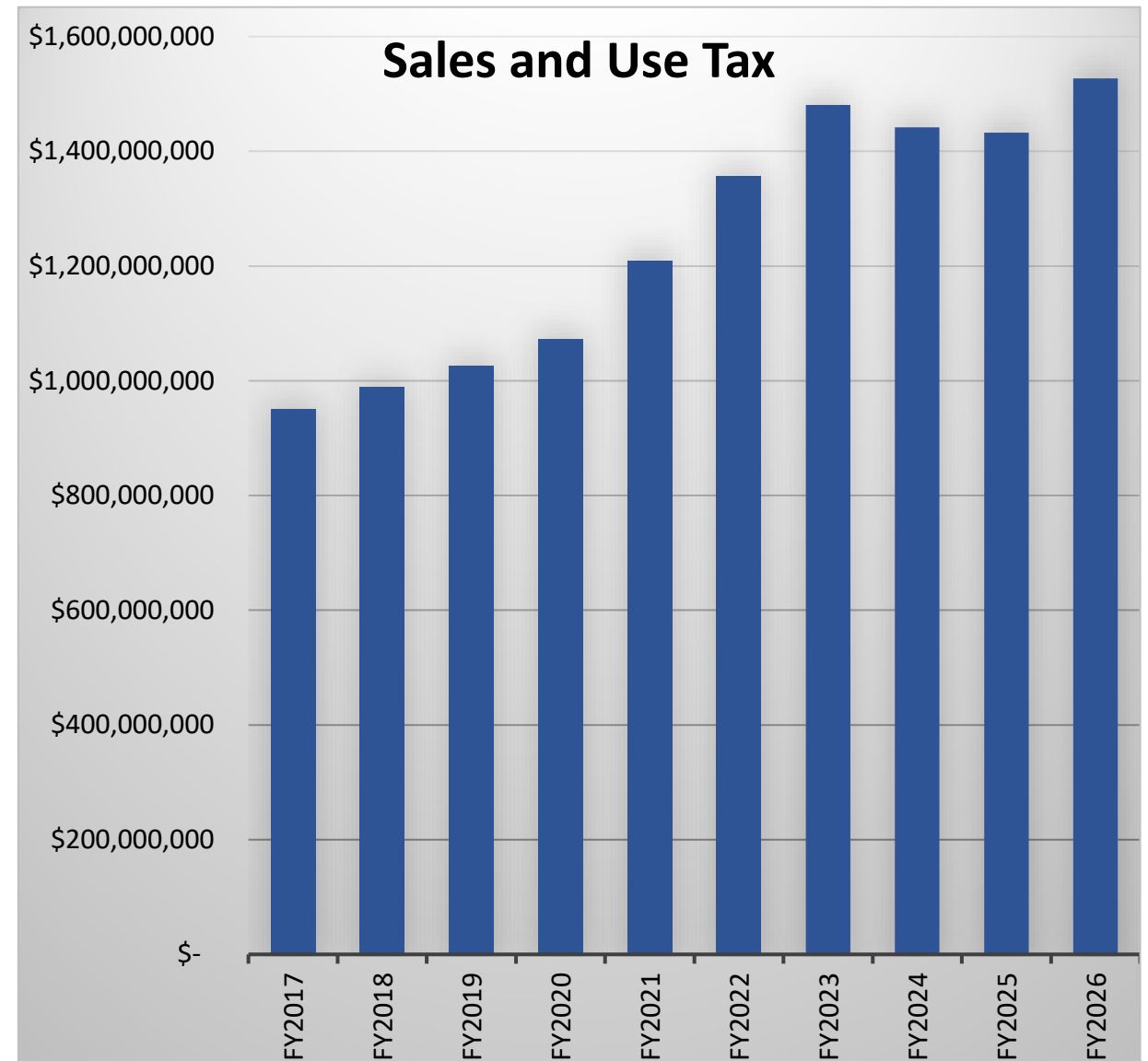
Sales and Use Tax Growth Rates



*Includes cost of administration; excludes one-time receipts.

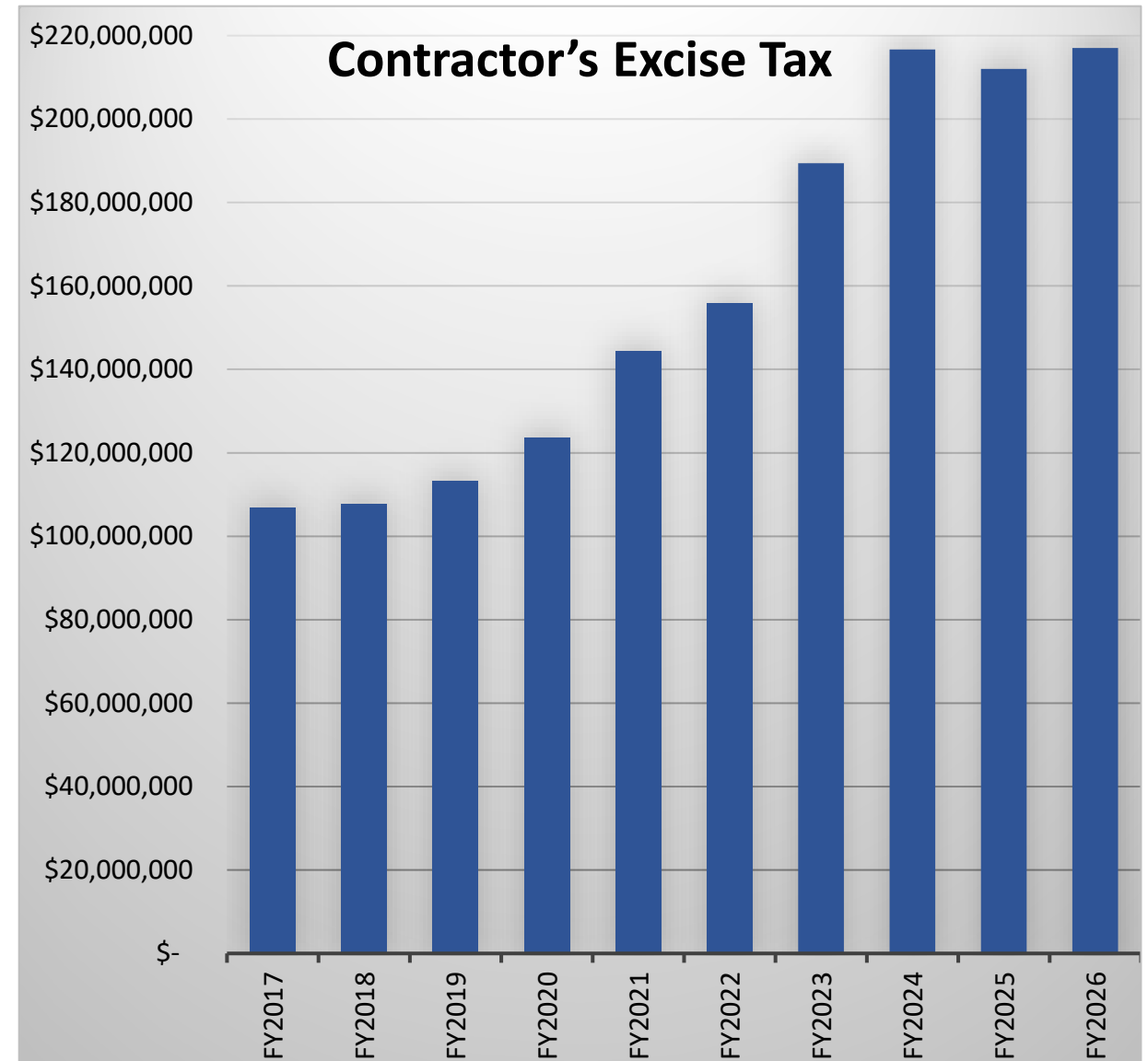
Sales and Use Tax

- Sales and Use Tax finished \$17.2M, or 1.1%, above the estimate.
- FY2026 receipts were \$94.4M, or 6.6%, greater than FY2025 on an ongoing basis.



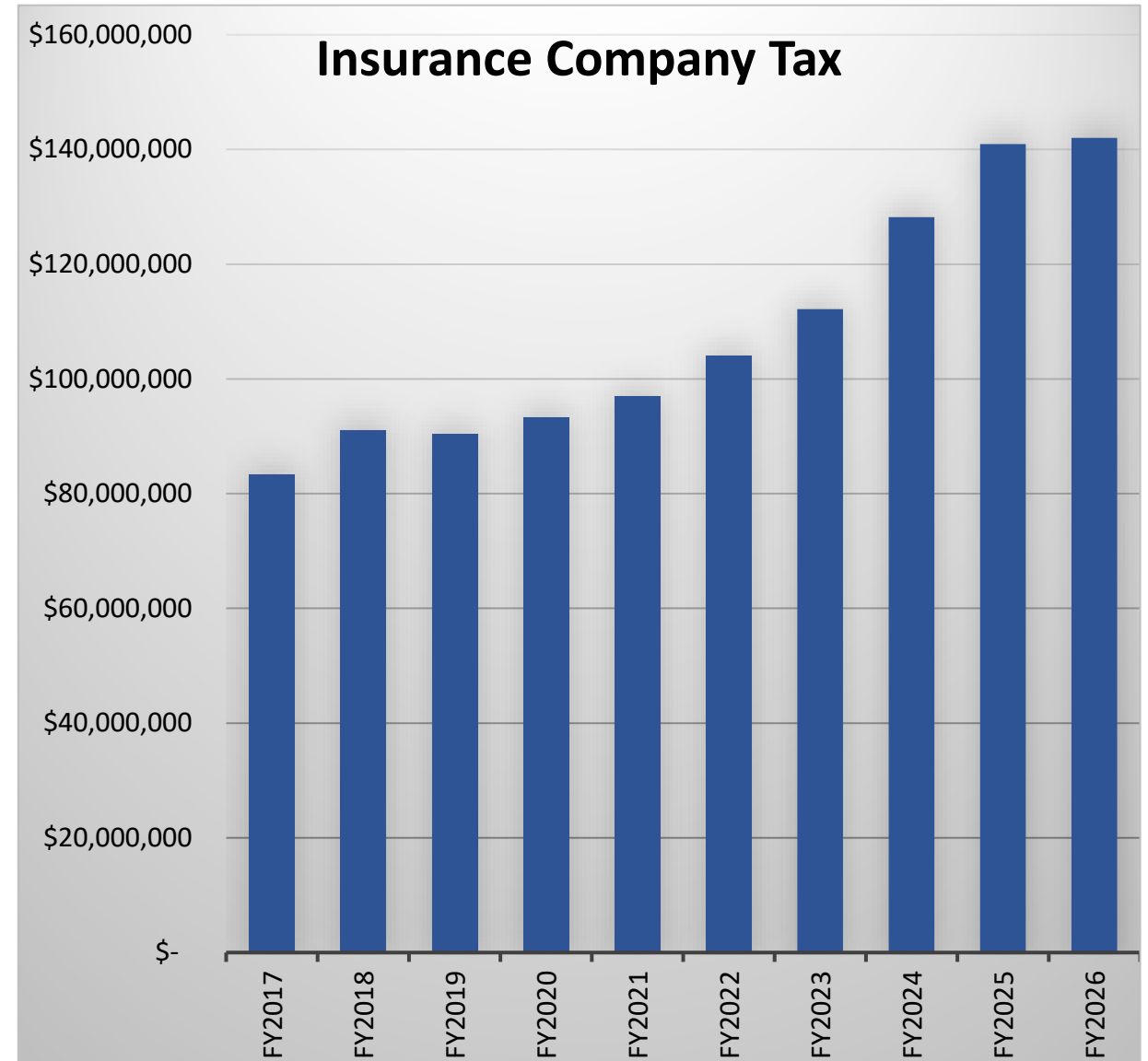
Contractor's Excise Tax

- Contractor's Excise Tax finished \$0.5M, or 0.2%, below the estimate.
- FY2026 receipts were \$5.1M, or 2.4%, more than FY2025.



Insurance Company Tax

- Insurance Company Tax finished \$10.9M, or 7.1%, below the estimate.
- FY2026 receipts were \$1.1M, or 0.8%, greater than FY2025.





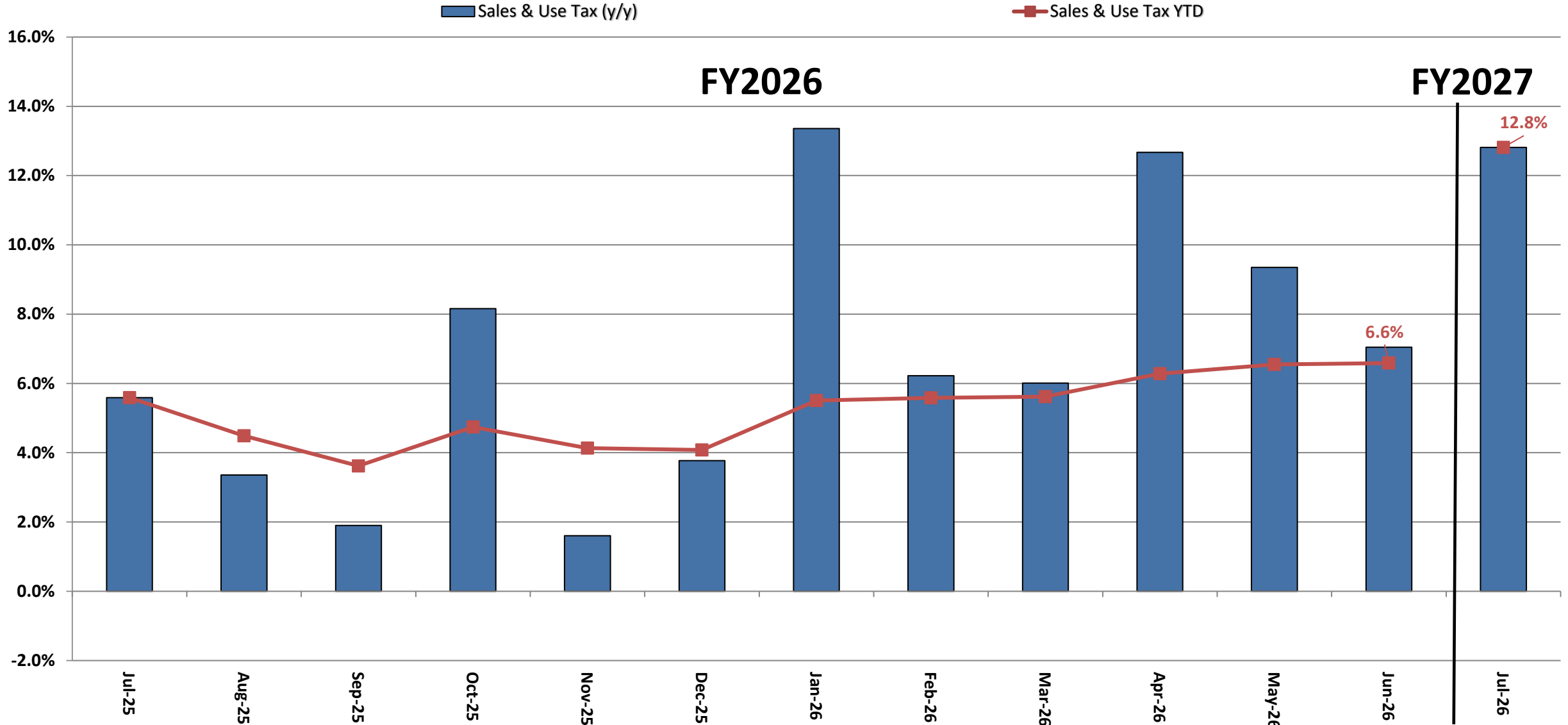
FY2027

Actual Revenue FY2026 vs. Actual Revenue FY2027
Year-To-Date Through JULY FY2027 Comparison



	Actual JULY YTD FY2026	Actual JULY YTD FY2027	DOLLAR CHANGE	YTD GROWTH OVER FY2026
ONGOING RECEIPTS				
Sales and Use Tax (excl. cost of admin)	137,789,286	155,448,156	17,658,870	12.8%
Lottery	13,148,291	13,708,458	560,167	4.3%
Contractor's Excise Tax	22,385,183	24,153,579	1,768,396	7.9%
Insurance Company Tax	26,670,184	4,210,322	(22,459,862)	-84.2%
Unclaimed Property Receipts	-	-	0	N/A
Licenses, Permits, and Fees	193,832	199,082	5,250	2.7%
Tobacco Taxes	4,193,339	4,721,350	528,010	12.6%
Trust Funds	37,307,402	38,022,107	714,706	1.9%
Net Transfers In (excluding one-time)	8,558,531	10,873,733	2,315,202	27.1%
Alcohol Beverage Tax	16,263	1,089	(15,174)	-93.3%
Bank Franchise Tax	373,822	130,245	(243,576)	-65.2%
Charges for Goods and Services	1,350,289	1,030,592	(319,697)	-23.7%
Telecommunications Tax	-	-	0	N/A
Severance Taxes	4,926,529	395,984	(4,530,545)	-92.0%
Investment Income and Interest	635	4,103	3,468	546.3%
Alcohol Beverage 2% Wholesale Tax	306,622	257,049	(49,573)	-16.2%
SUBTOTAL (ONGOING RECEIPTS)	\$ 257,220,206	\$ 253,155,848	\$ (4,064,358)	-1.6%
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	2,795	145,737	142,942	5114.5%
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 2,795	\$ 145,737	\$ 142,942	5114.5%
GRAND TOTAL	\$ 257,223,001	\$ 253,301,585	\$ (3,921,416)	-1.5%

Sales & Use Tax Growth



**Legislative Adopted FY2027 Estimate (Feb. 2026) vs. Actual Revenues
Year-to-Date Through JULY FY2027 Comparison**



	Leg. Adopted JULY YTD FY2027	Actual JULY YTD FY2027	DOLLAR CHANGE	YTD % Chg. Actual/Adopt Comparison
ONGOING RECEIPTS				
Sales and Use Tax (excl. cost of admin)	144,037,582	155,448,156	11,410,575	7.9%
Lottery	13,550,362	13,708,458	158,096	1.2%
Contractor's Excise Tax	22,018,440	24,153,579	2,135,139	9.7%
Insurance Company Tax	25,747,290	4,210,322	(21,536,968)	-83.6%
Unclaimed Property Receipts	-	-	0	N/A
Licenses, Permits, and Fees	812,671	199,082	(613,589)	-75.5%
Tobacco Taxes	4,022,655	4,721,350	698,694	17.4%
Trust Funds	38,022,107	38,022,107	0	0.0%
Net Transfers In (excluding one-time)	9,122,367	10,873,733	1,751,365	19.2%
Alcohol Beverage Tax	16,557	1,089	(15,468)	-93.4%
Bank Franchise Tax	459,205	130,245	(328,960)	-71.6%
Charges for Goods and Services	849,119	1,030,592	181,473	21.4%
Telecommunications Tax	-	-	0	N/A
Severance Taxes	494,911	395,984	(98,927)	-20.0%
Investment Income and Interest	1,105	4,103	2,998	271.4%
Alcohol Beverage 2% Wholesale Tax	255,763	257,049	1,286	0.5%
SUBTOTAL (ONGOING RECEIPTS)	\$ 259,410,134	253,155,848	\$ (6,254,287)	-2.4%
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	-	145,737	145,737	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 0	\$ 145,737	\$ 145,737	N/A
GRAND TOTAL	\$ 259,410,134	\$ 253,301,585	\$ (6,108,549)	-2.4%



Council Discussion

S&P Global Forecast - US

	2020	2021	2022	2023	2024	2025	2026 f	2027 f	2028 f	'15-'25 avg.
Real GDP Growth	-2.1%	6.2%	2.5%	2.9%	2.8%	2.1%	2.1%	2.3%	2.3%	2.5%
Nonfarm Employment	-5.8%	2.9%	4.3%	2.2%	1.2%	0.5%	0.3%	0.3%	0.3%	1.2%
Personal Income	6.9%	9.5%	3.0%	6.5%	5.6%	4.8%	3.6%	5.9%	6.0%	5.3%
Unemployment Rate	8.1%	5.4%	3.6%	3.6%	4.0%	4.3%	4.3%	4.4%	4.3%	4.6%
CPI-U	1.3%	4.7%	8.0%	4.1%	3.0%	2.6%	3.2%	2.2%	2.3%	2.9%

S&P Global Forecast - SD

	2020	2021	2022	2023	2024	2025	2026 f	2027 f	2028 f	'15-'25 avg.
Real GDP Growth	1.6%	5.0%	-1.4%	3.6%	0.8%	1.4%	2.4%	2.6%	2.1%	1.5%
Nonfarm Employment	-3.2%	3.4%	2.7%	2.1%	1.3%	0.4%	0.4%	0.4%	0.2%	1.0%
Personal Income	10.2%	13.8%	5.4%	7.3%	2.8%	5.8%	2.9%	5.3%	6.7%	5.9%
Housing Starts	6,038	7,633	7,426	6,063	5,525	5,231	5,748	5,283	5,173	5,607
Unemployment Rate	4.1%	2.6%	1.9%	1.8%	1.8%	2.1%	2.2%	2.3%	2.4%	2.6%

Other Discussion Items

- Next Meeting Date – October
- Other Comments
- Public Comments