

Governor's Council of Economic Advisors

January 29, 2025



Outline of Presentation

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

US Economy

Consumption

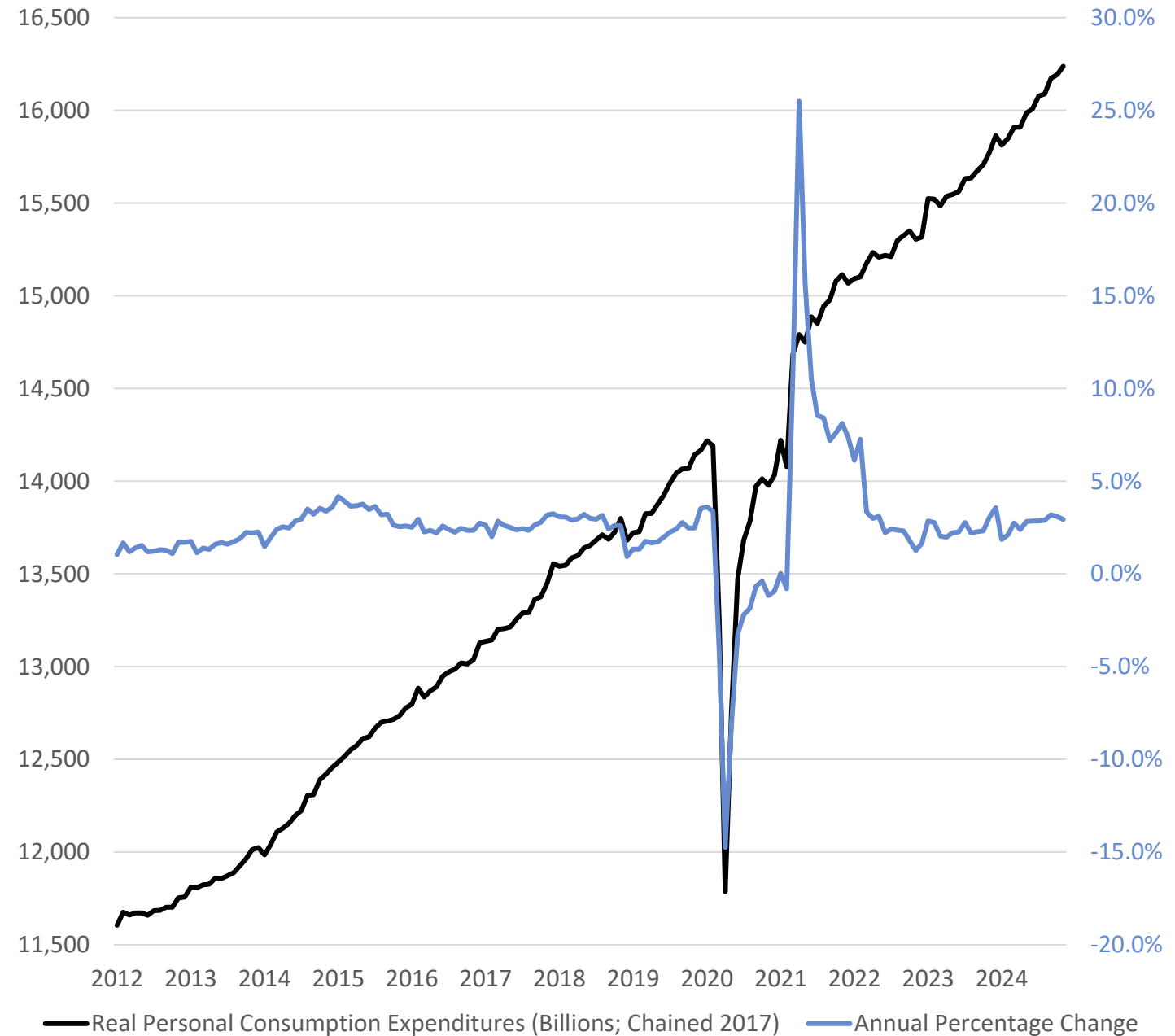
Federal Fiscal Picture

Employment and Unemployment

Inflation

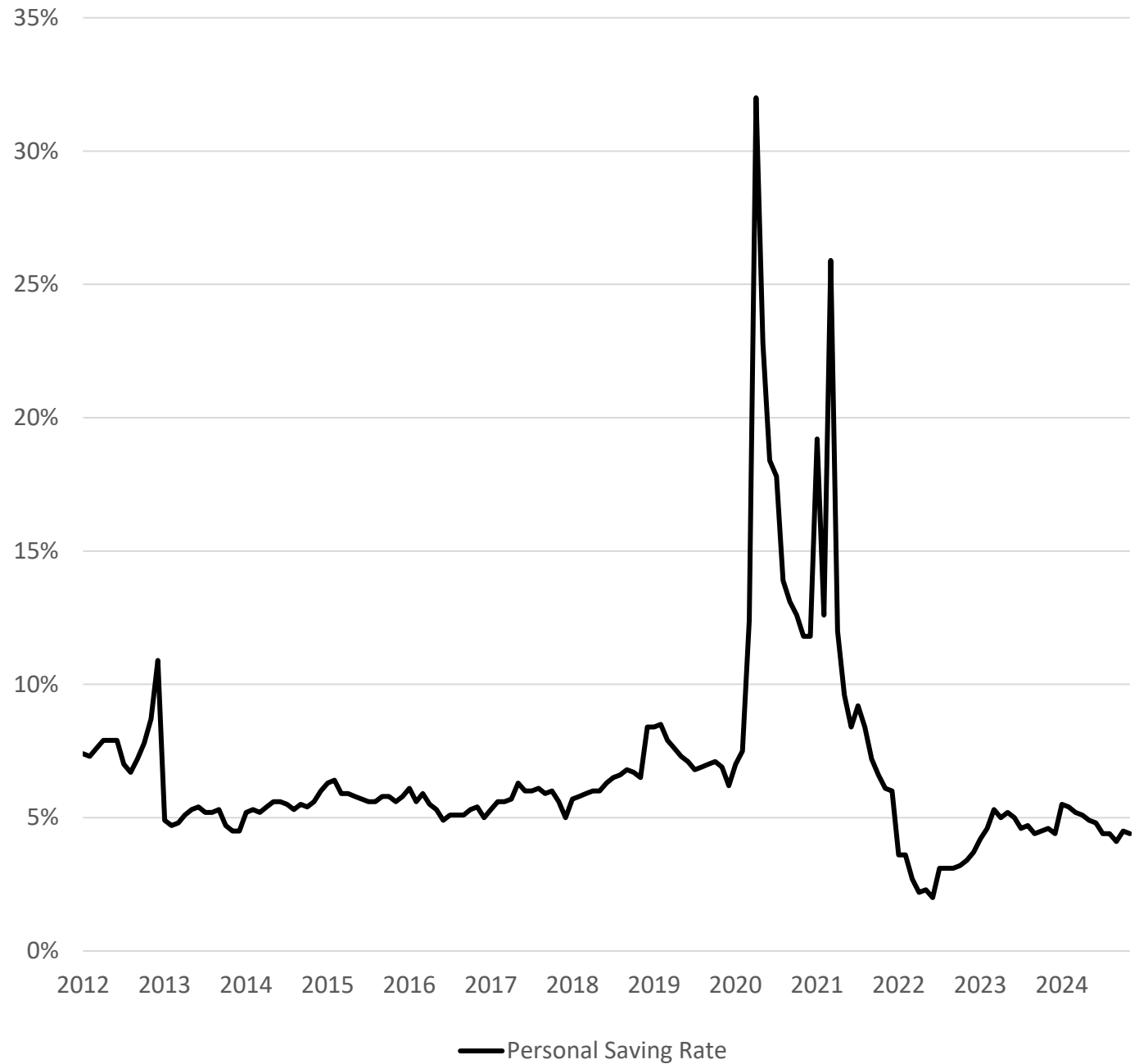


US Real Personal Consumption Expenditures



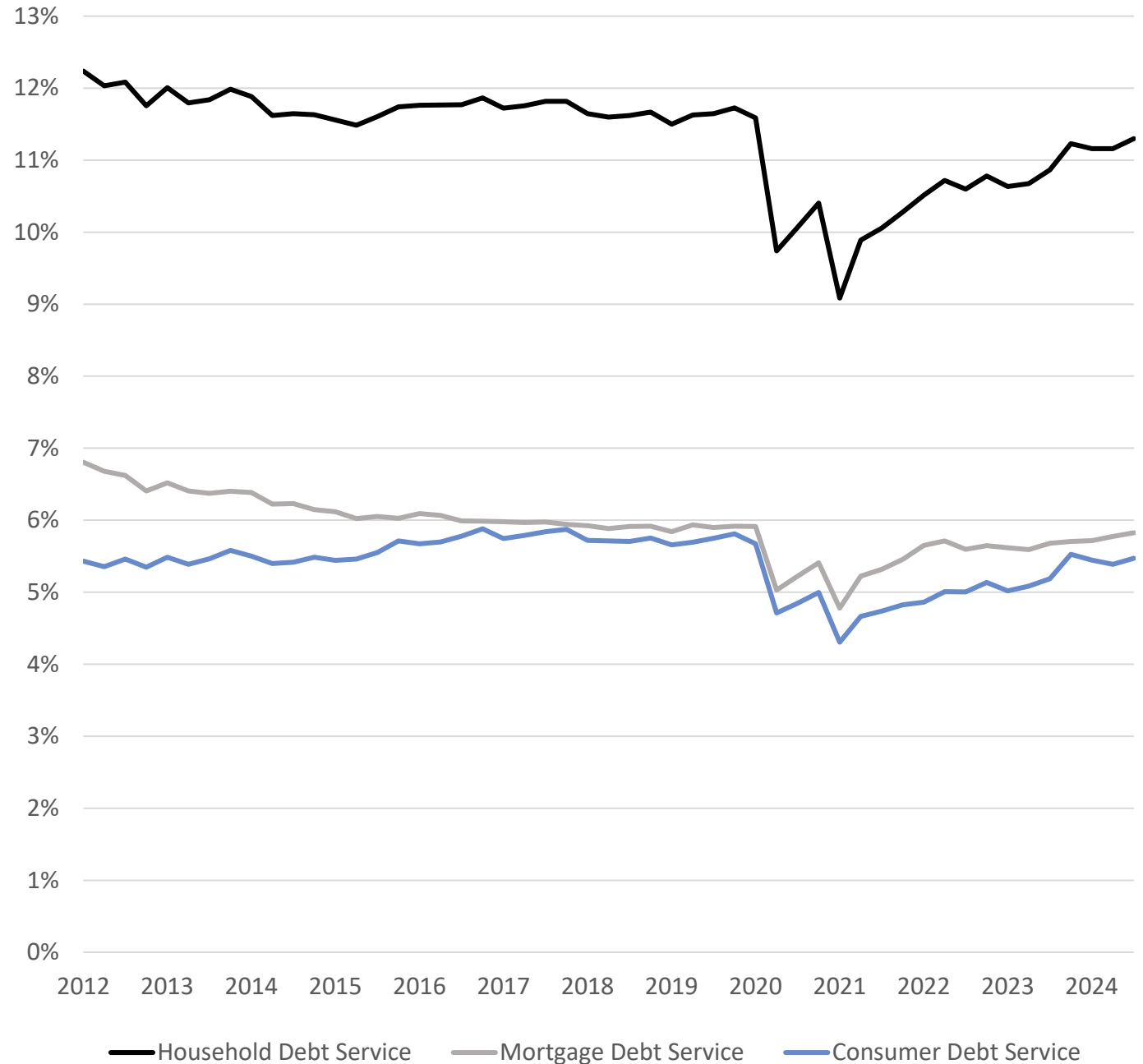


US Personal Saving Rate





US Household Debt Service Ratio



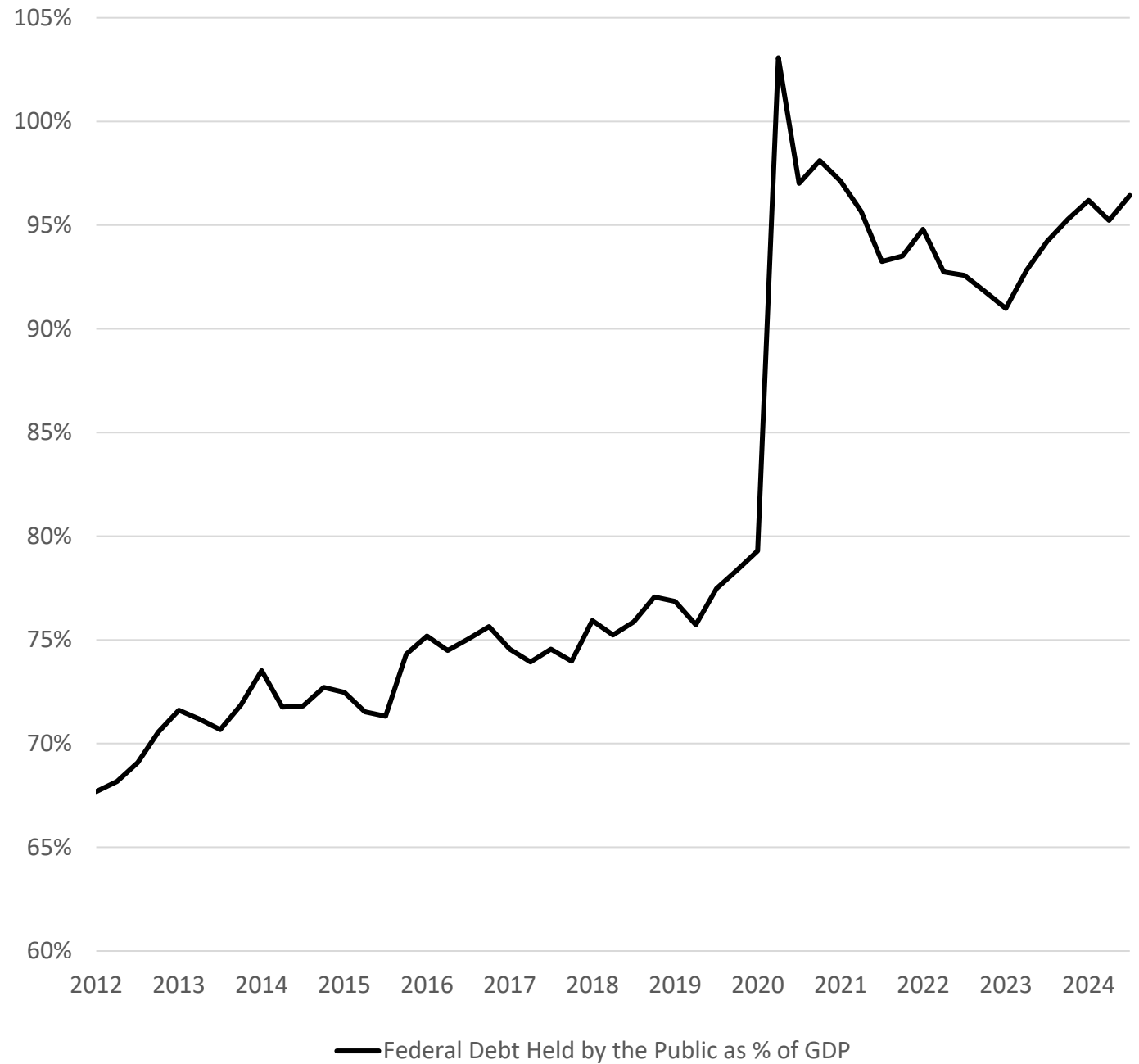


US Consumer Sentiment



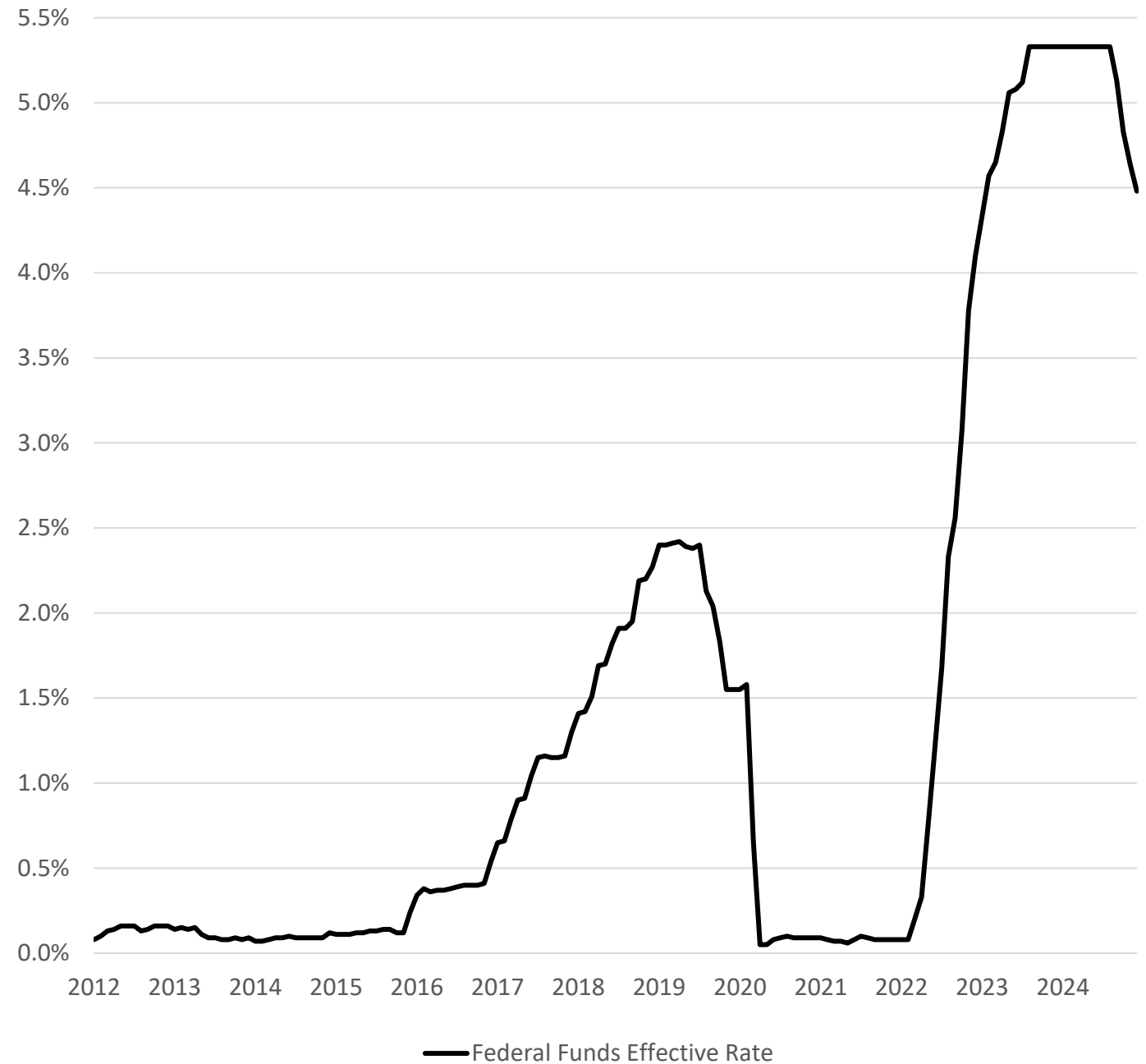


Debt Held by Public

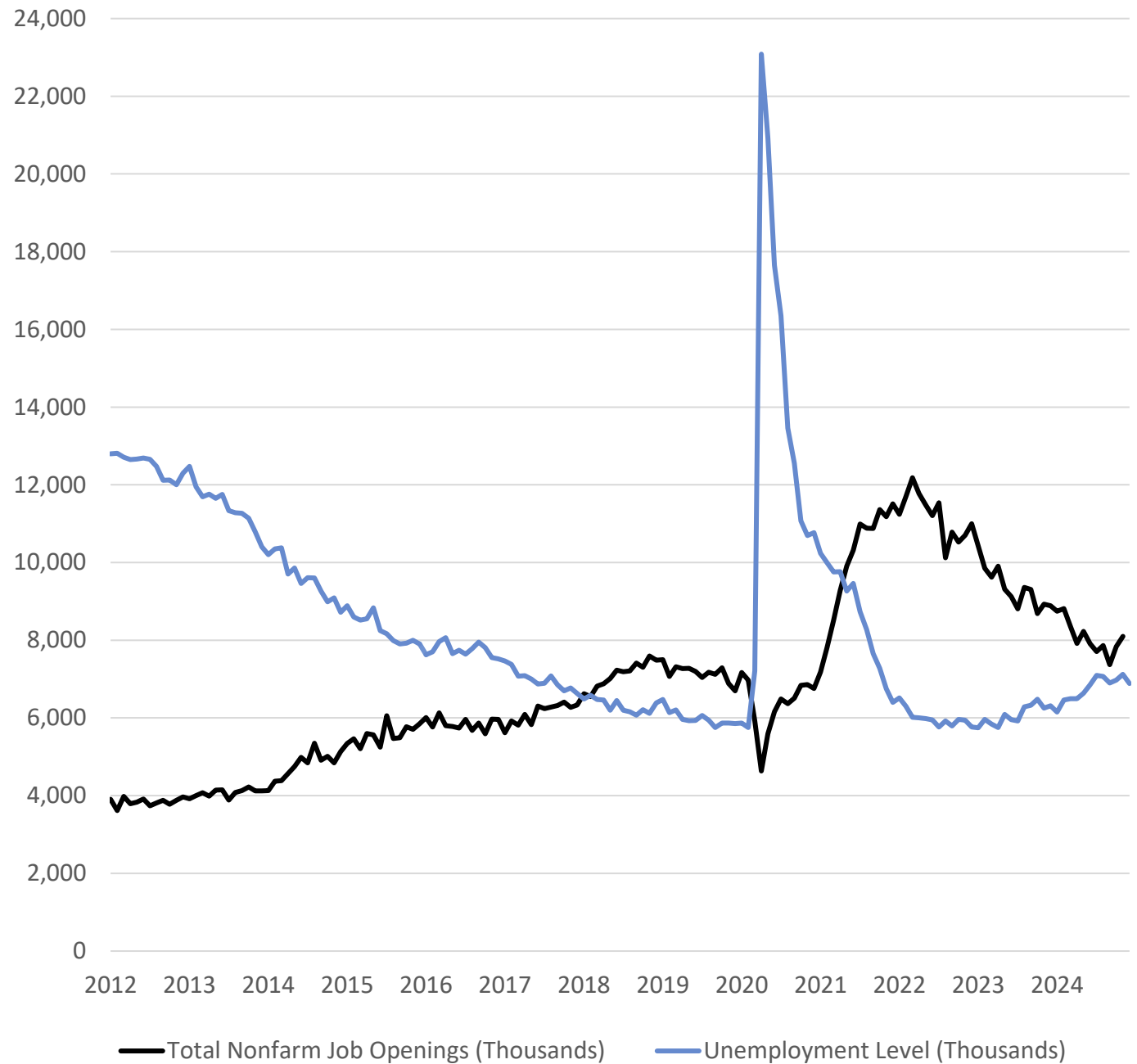




Interest Rates

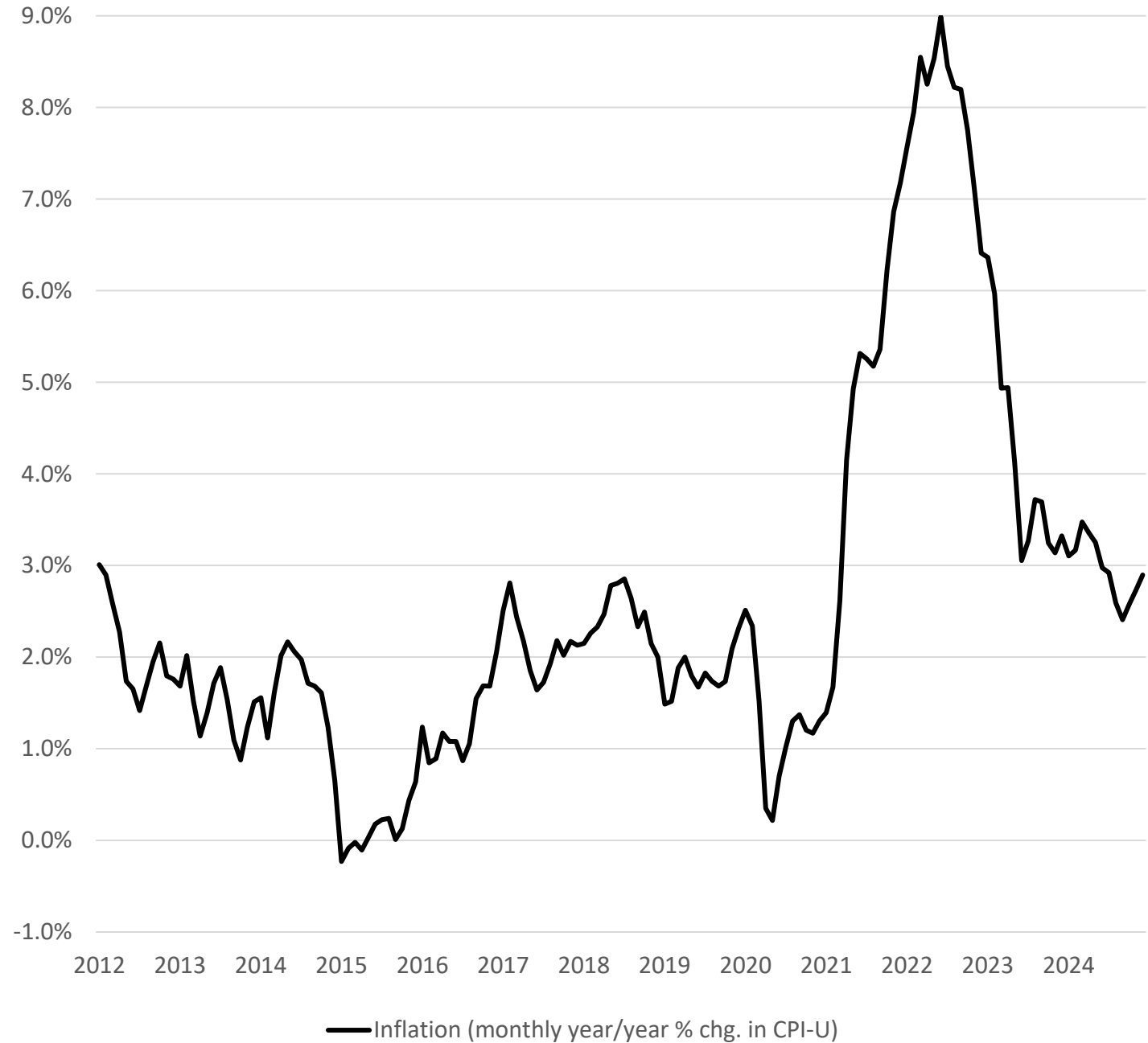


US Job Openings vs. Unemployed





Inflation: CPI



S&P Global Forecast - US

	2019	2020	2021	2022	2023	2024	2025 f	2026 f	'14-'24 avg.
Real GDP Growth	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	2.0%	1.7%	2.5%
Nonfarm Employment	1.3%	-5.8%	2.9%	4.3%	2.3%	1.6%	0.9%	-0.1%	1.4%
Personal Income	4.8%	6.8%	9.2%	3.1%	5.9%	5.5%	5.1%	5.5%	5.3%
Unemployment Rate	3.7%	8.1%	5.4%	3.6%	3.6%	4.0%	4.4%	4.7%	4.8%
CPI-U	1.8%	1.2%	4.7%	8.0%	4.1%	3.0%	2.9%	3.3%	2.8%

S&P Global Alternate Scenarios - US

Optimistic Scenario (25% probability)					Pessimistic Scenario (25% probability)			
	2024	2025 f	2026 f		2024	2025 f	2026 f	'14-'24 avg.
Real GDP Growth	2.8%	2.3%	2.6%		2.8%	1.7%	1.0%	2.5%
Nonfarm Employment	1.6%	1.1%	0.3%		1.6%	0.8%	-0.5%	1.4%
Personal Income	5.5%	5.4%	6.2%		5.5%	5.0%	4.9%	5.3%
Unemployment Rate	4.0%	4.3%	4.3%		4.0%	4.5%	4.9%	4.8%
CPI-U	3.0%	2.7%	2.7%		3.0%	3.0%	3.6%	2.8%

SD Forecast

Employment

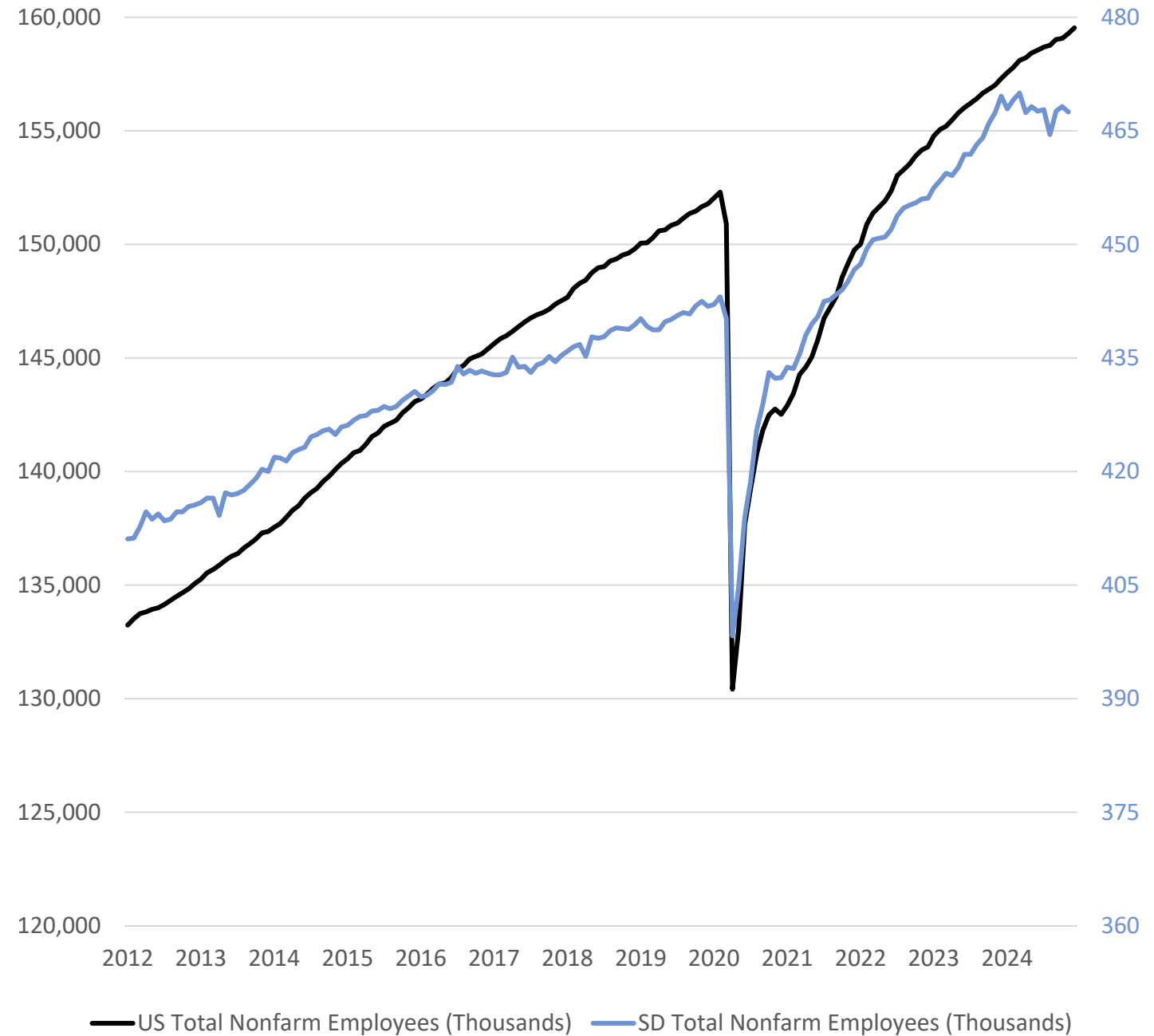
Housing

Personal Income

Tourism

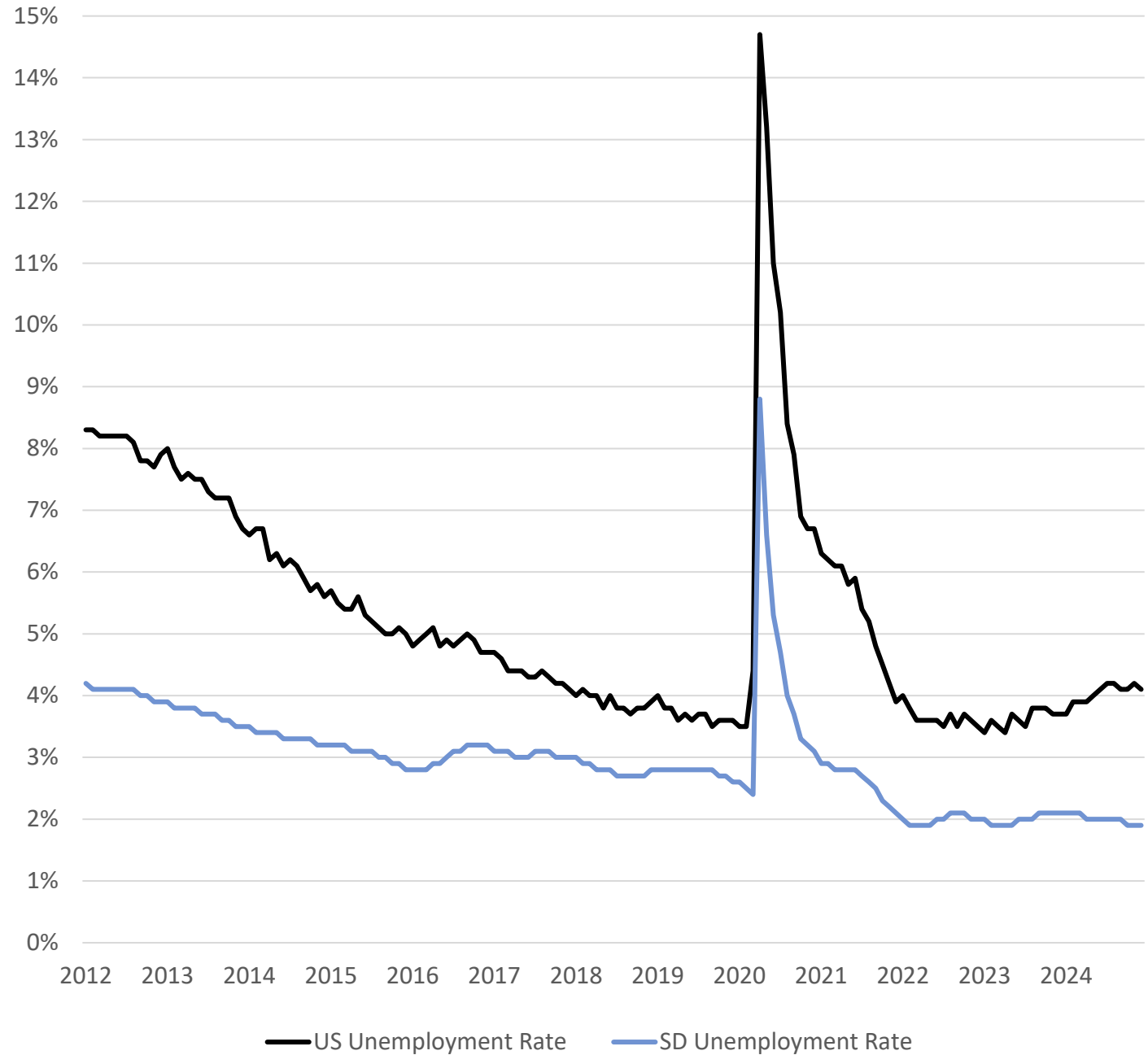


Employment Growth



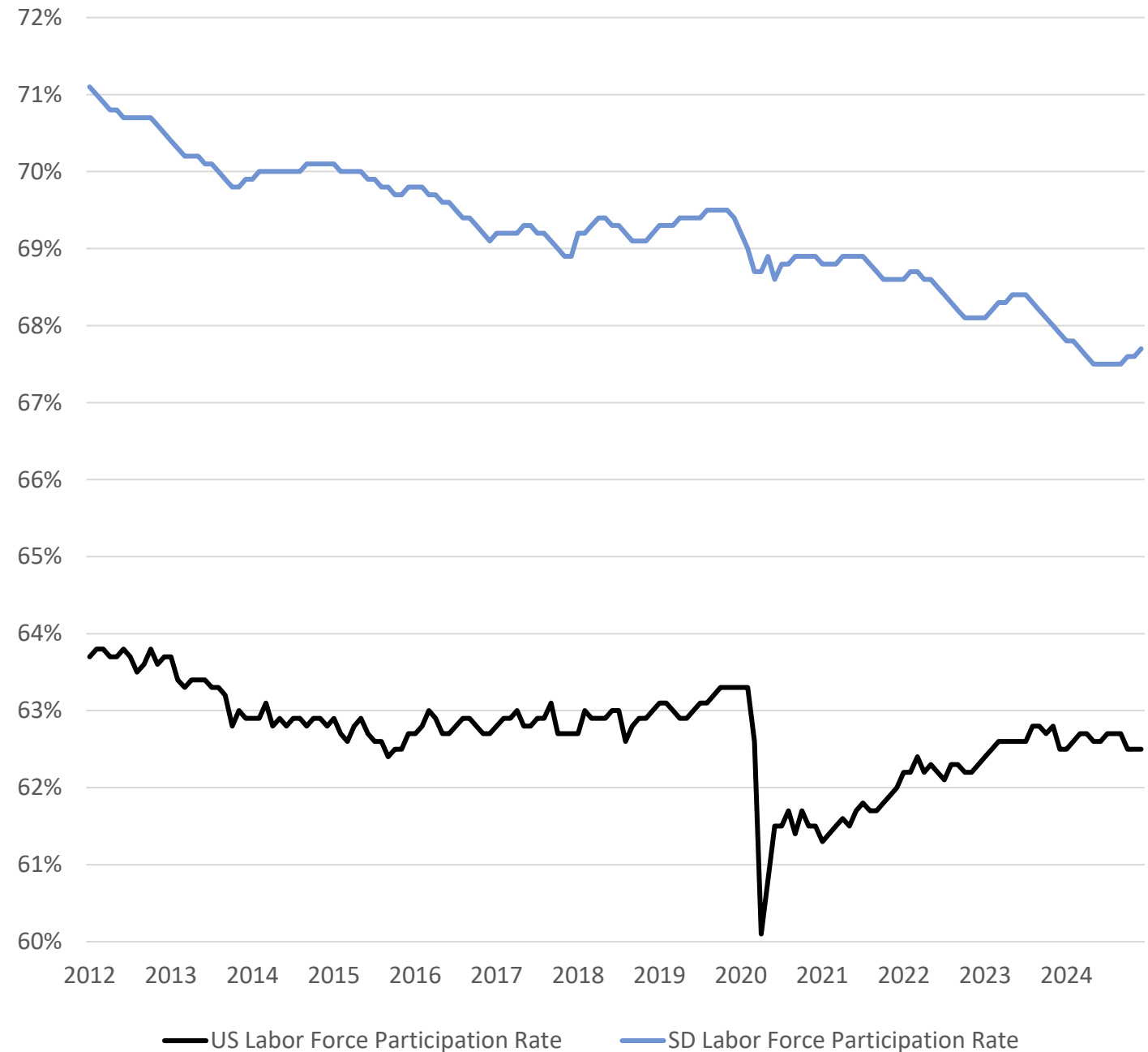


Unemployment Rate



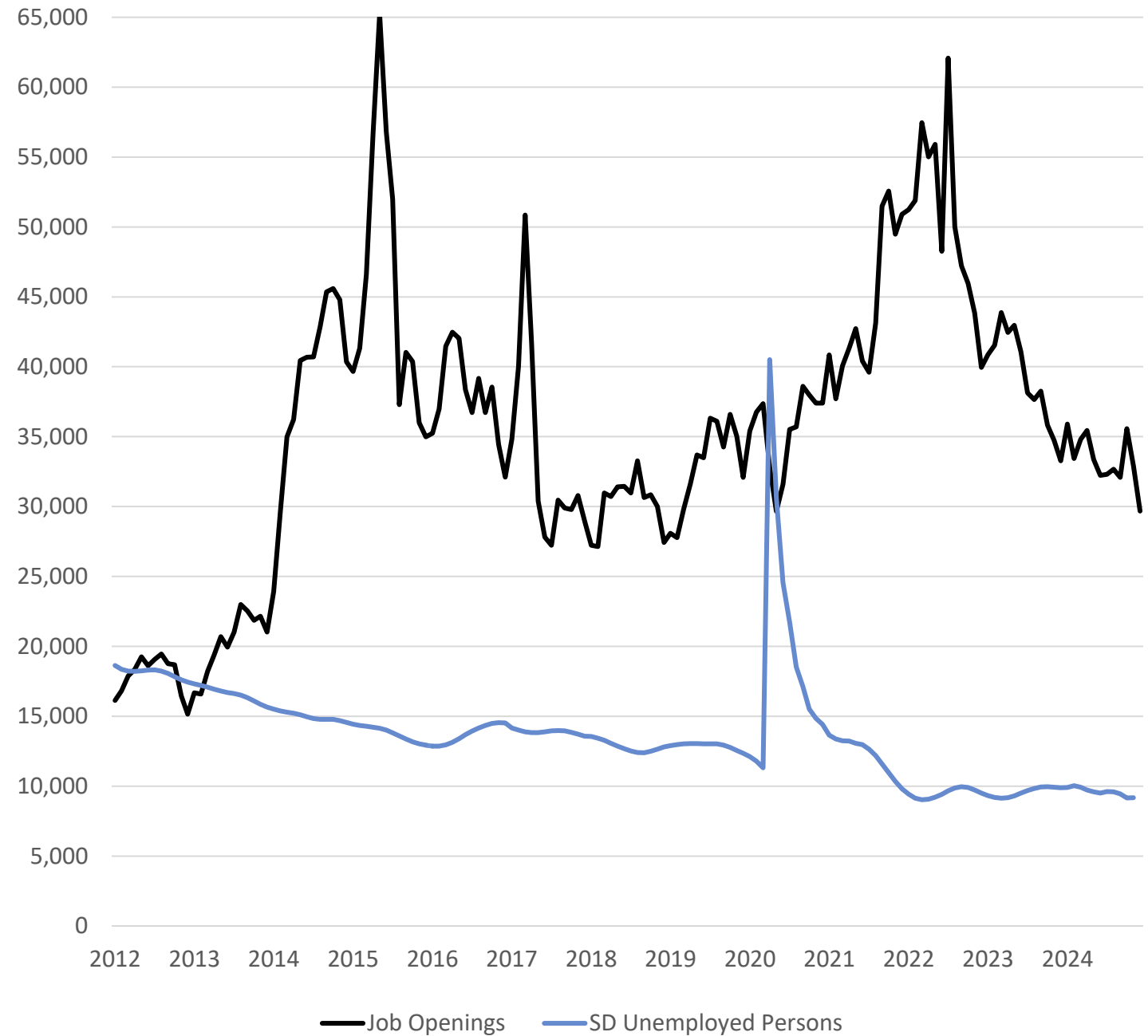


Labor Force Participation Rate



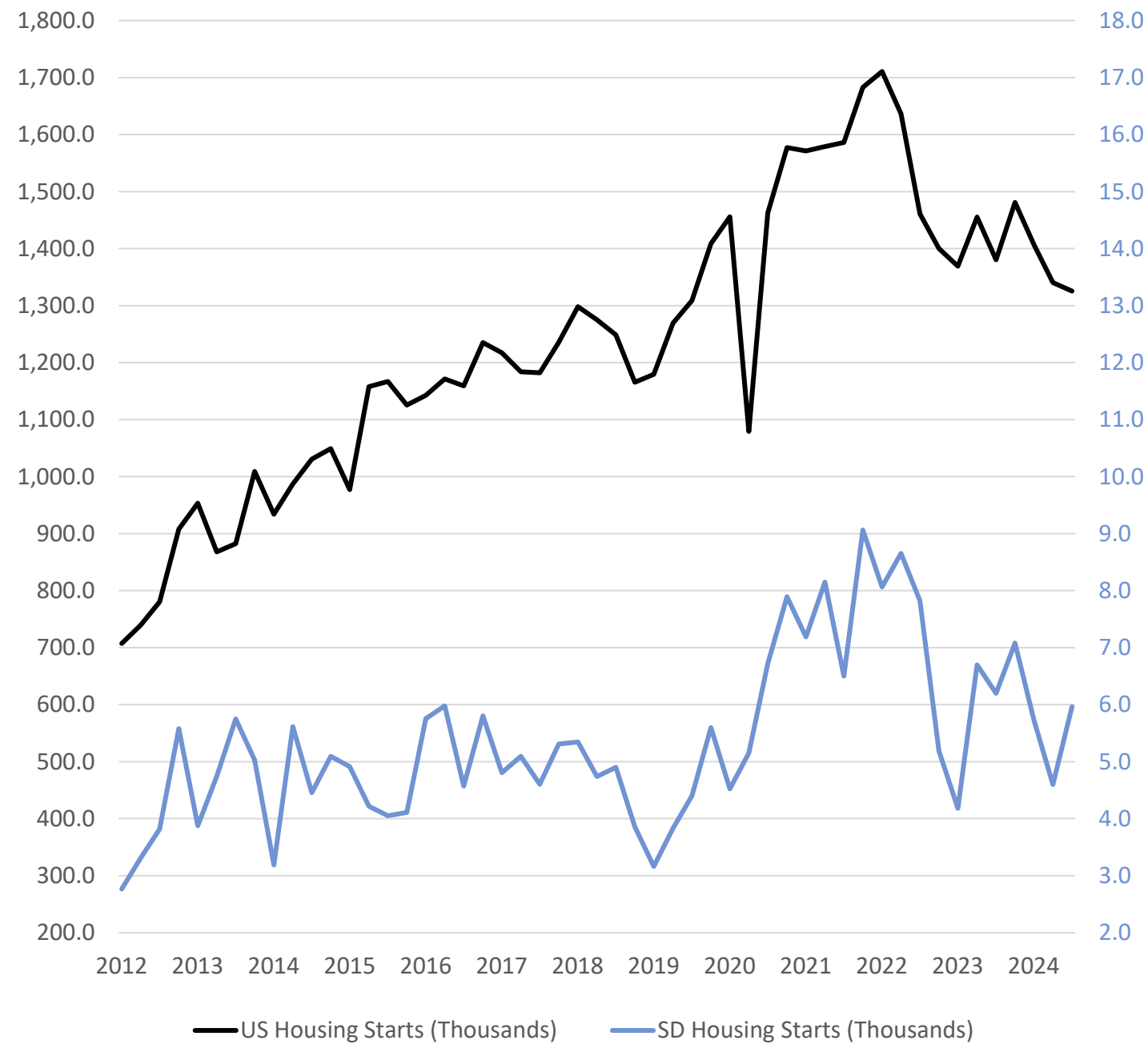


SD Job Openings vs. Unemployed



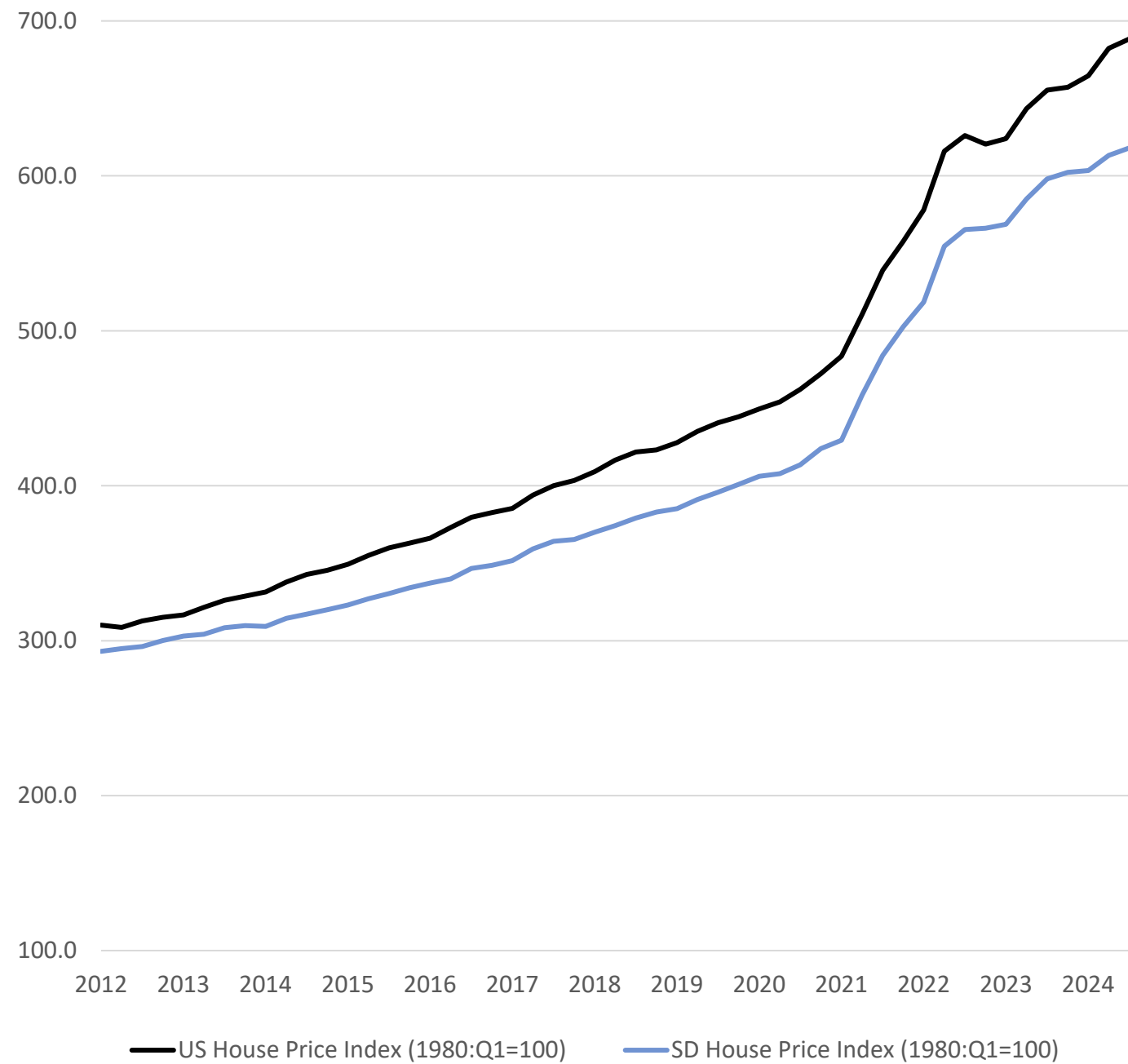


Housing Starts



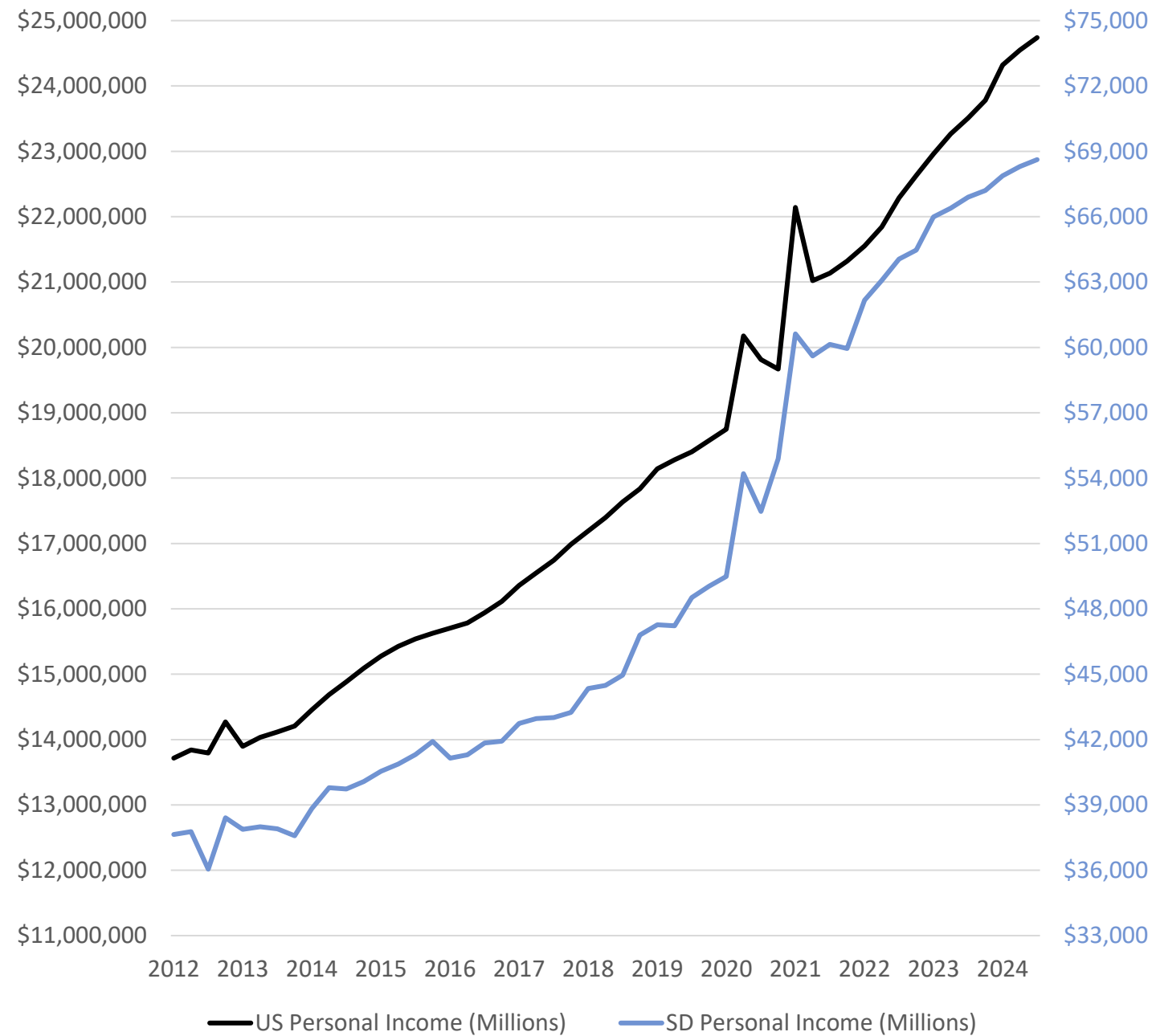


Home Price



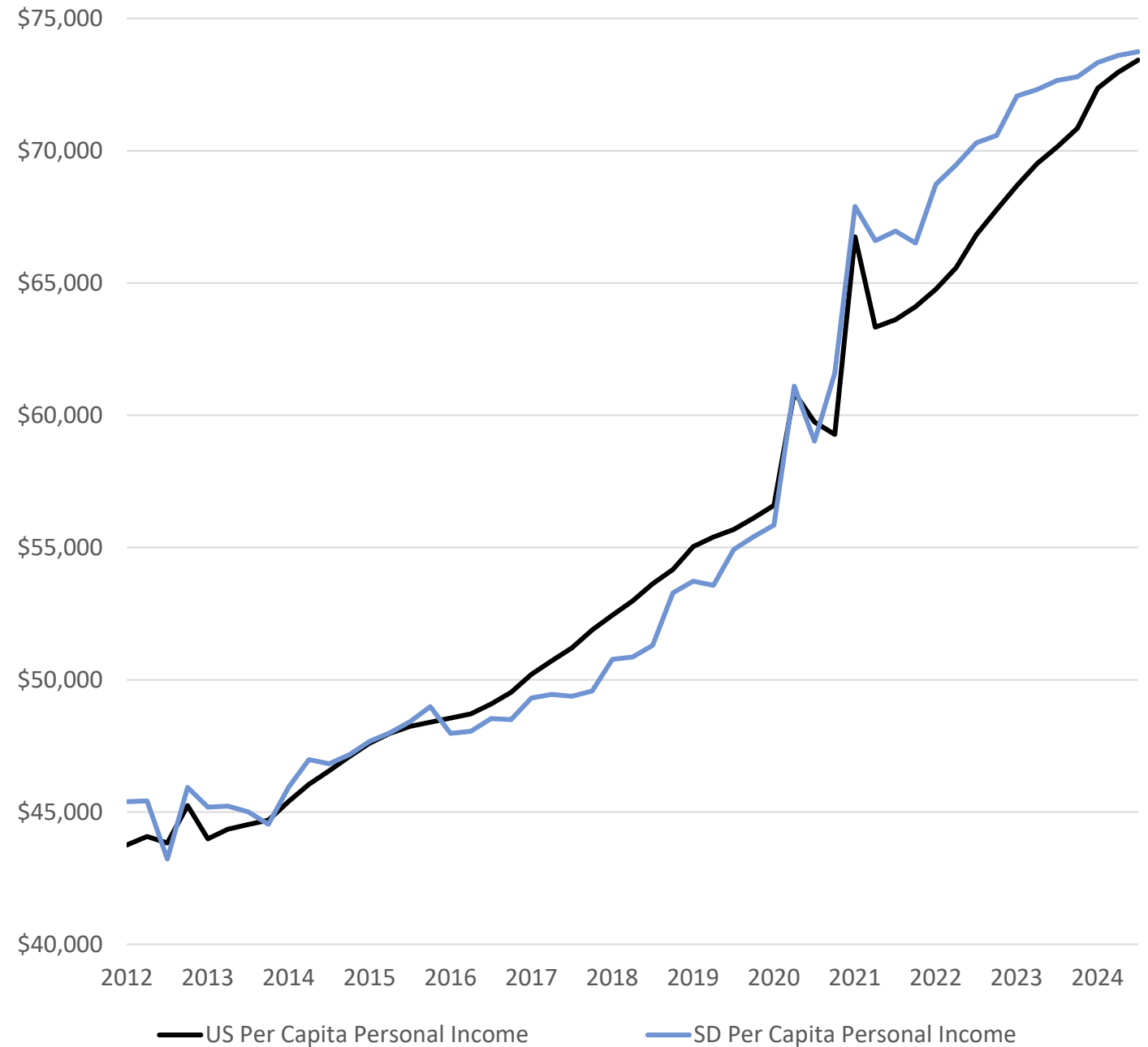


Personal Income

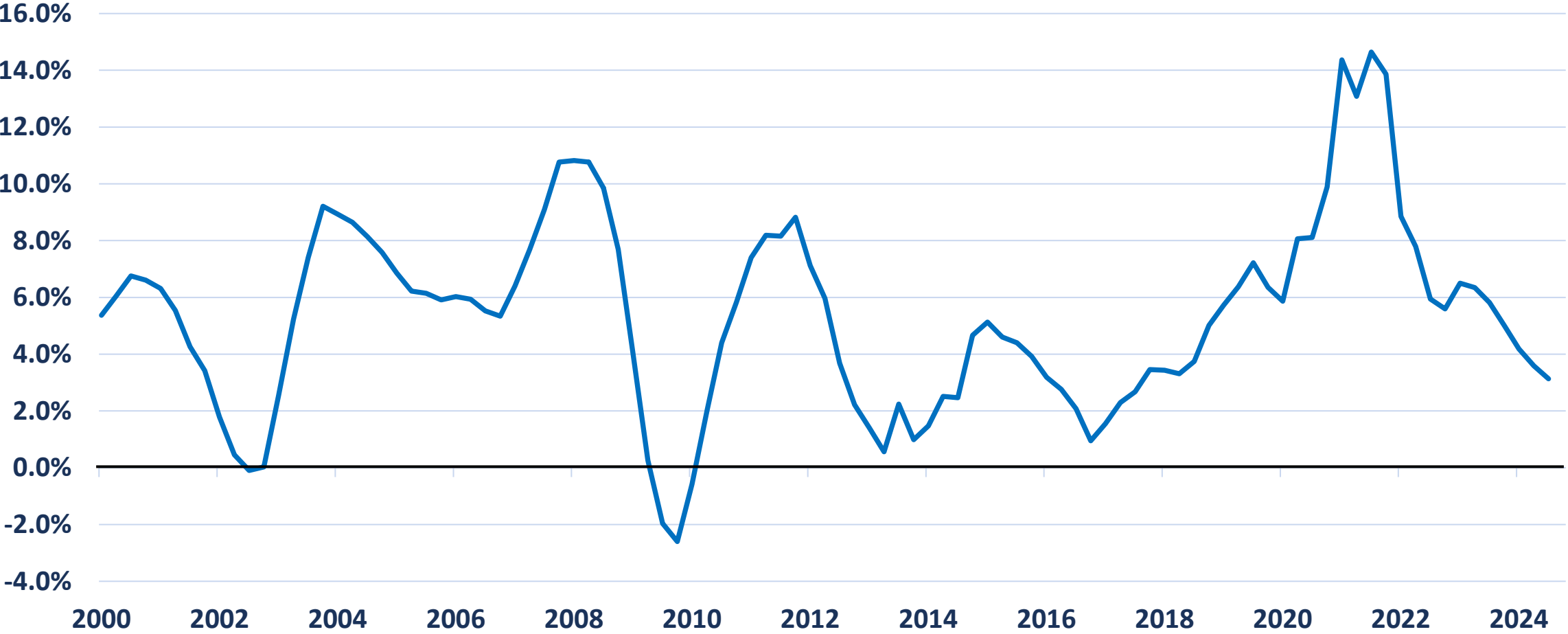




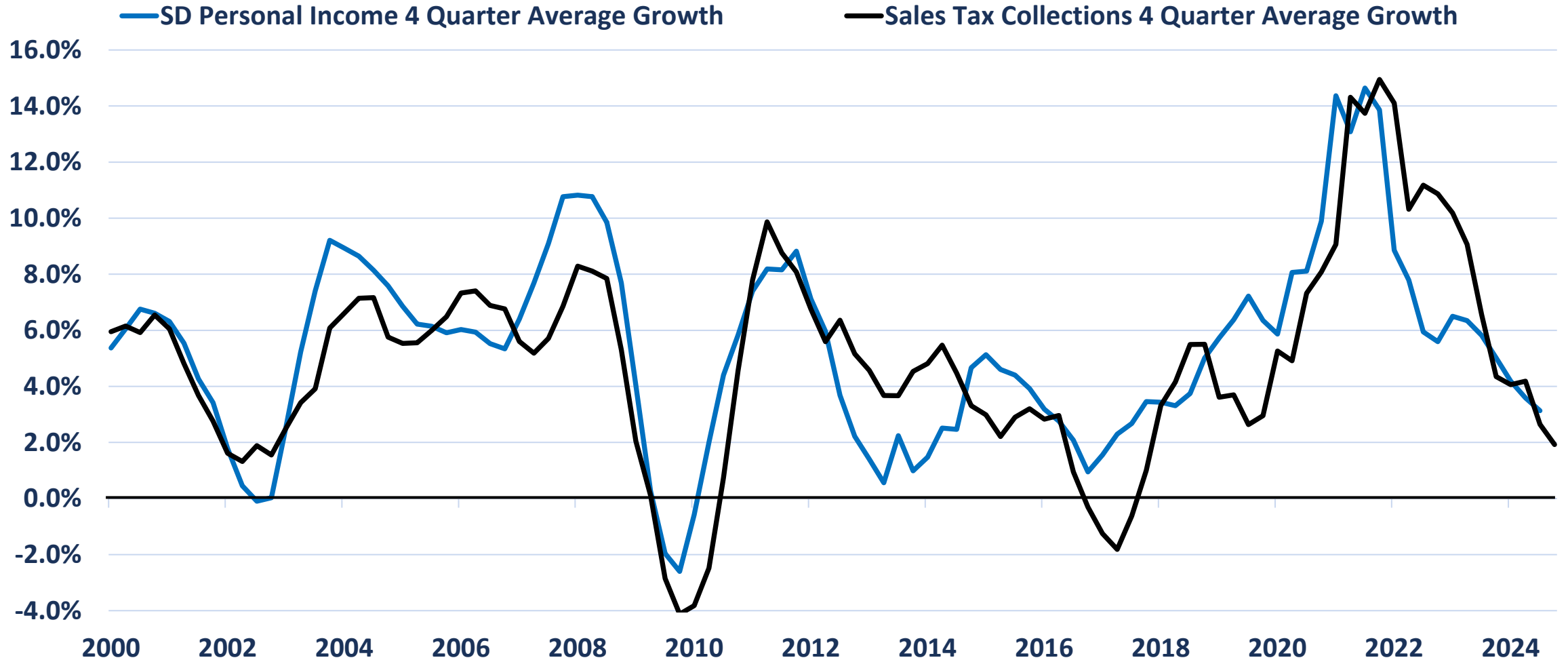
Per Capita Personal Income



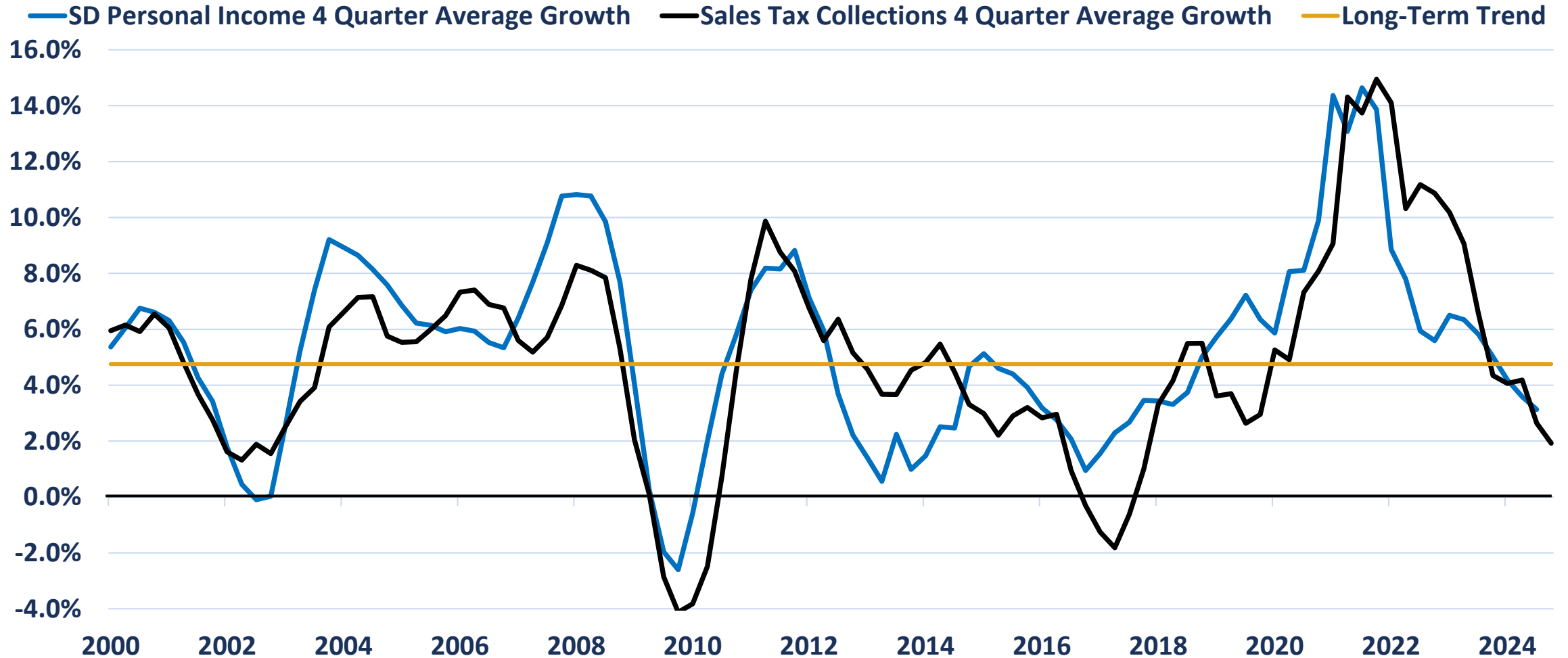
SD Personal Income



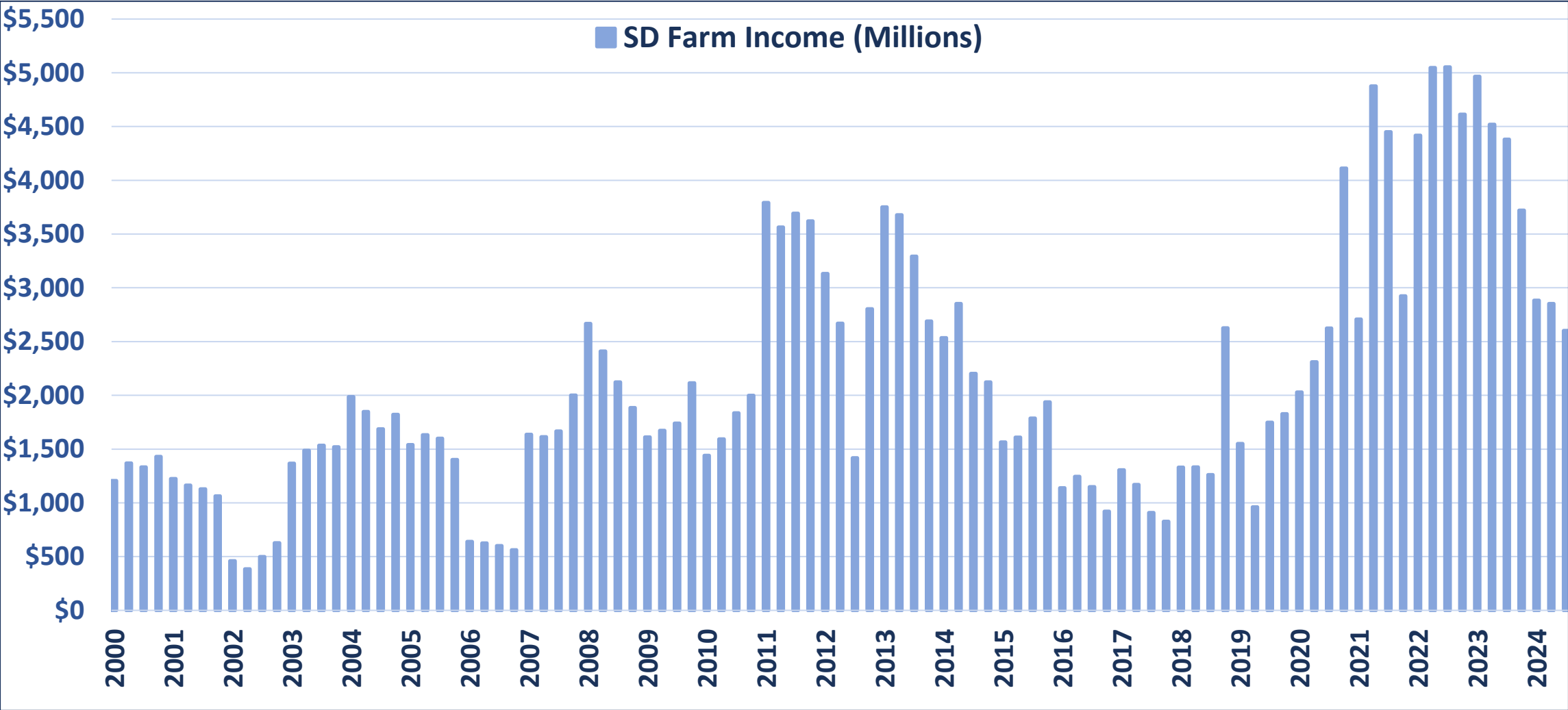
SD Personal Income vs. Sales Tax Collections



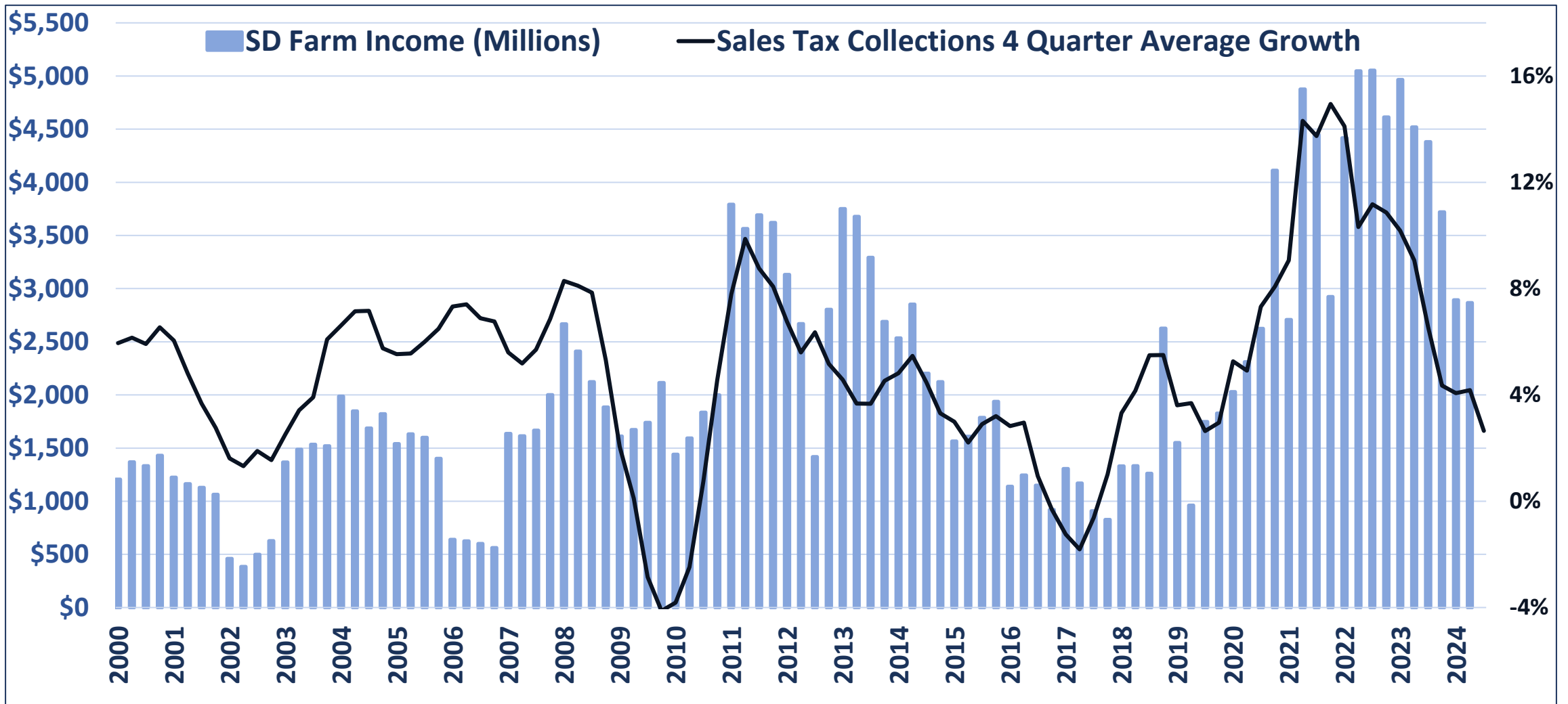
SD Personal Income vs. Sales Tax Collections



SD Farm Income

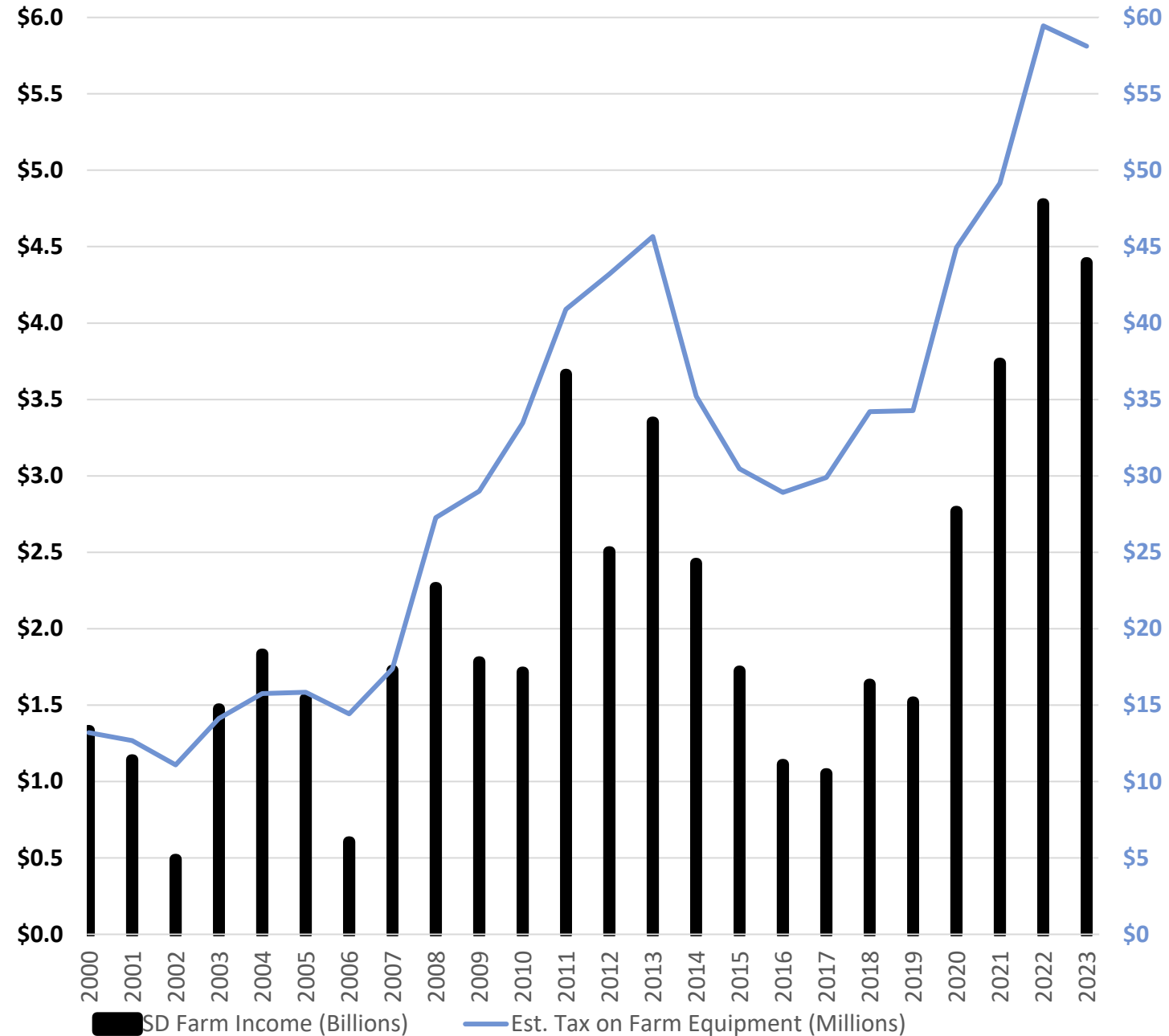


SD Farm Income vs. Sales Tax Collections



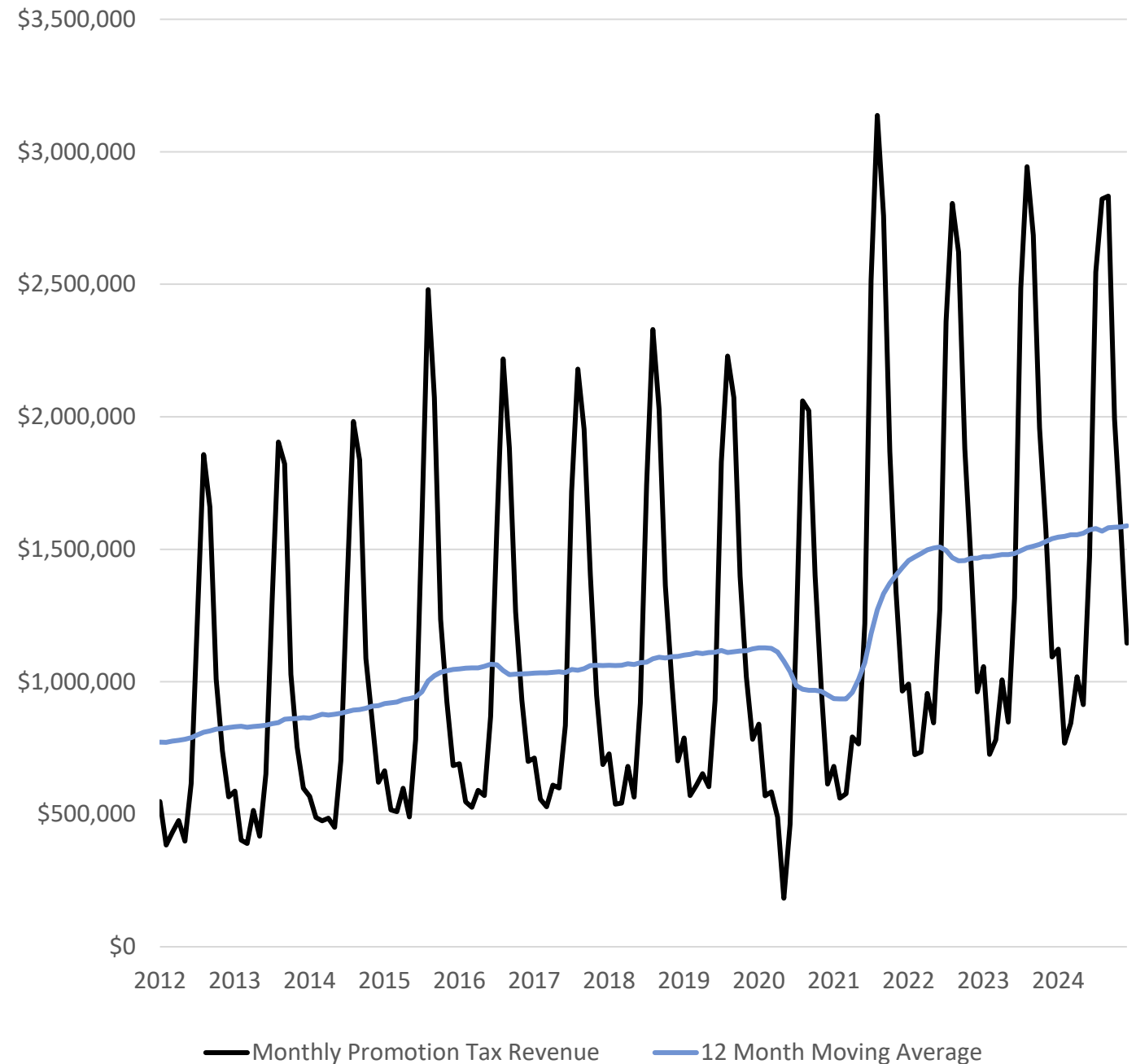


SD Farm Income & Spending on Equipment



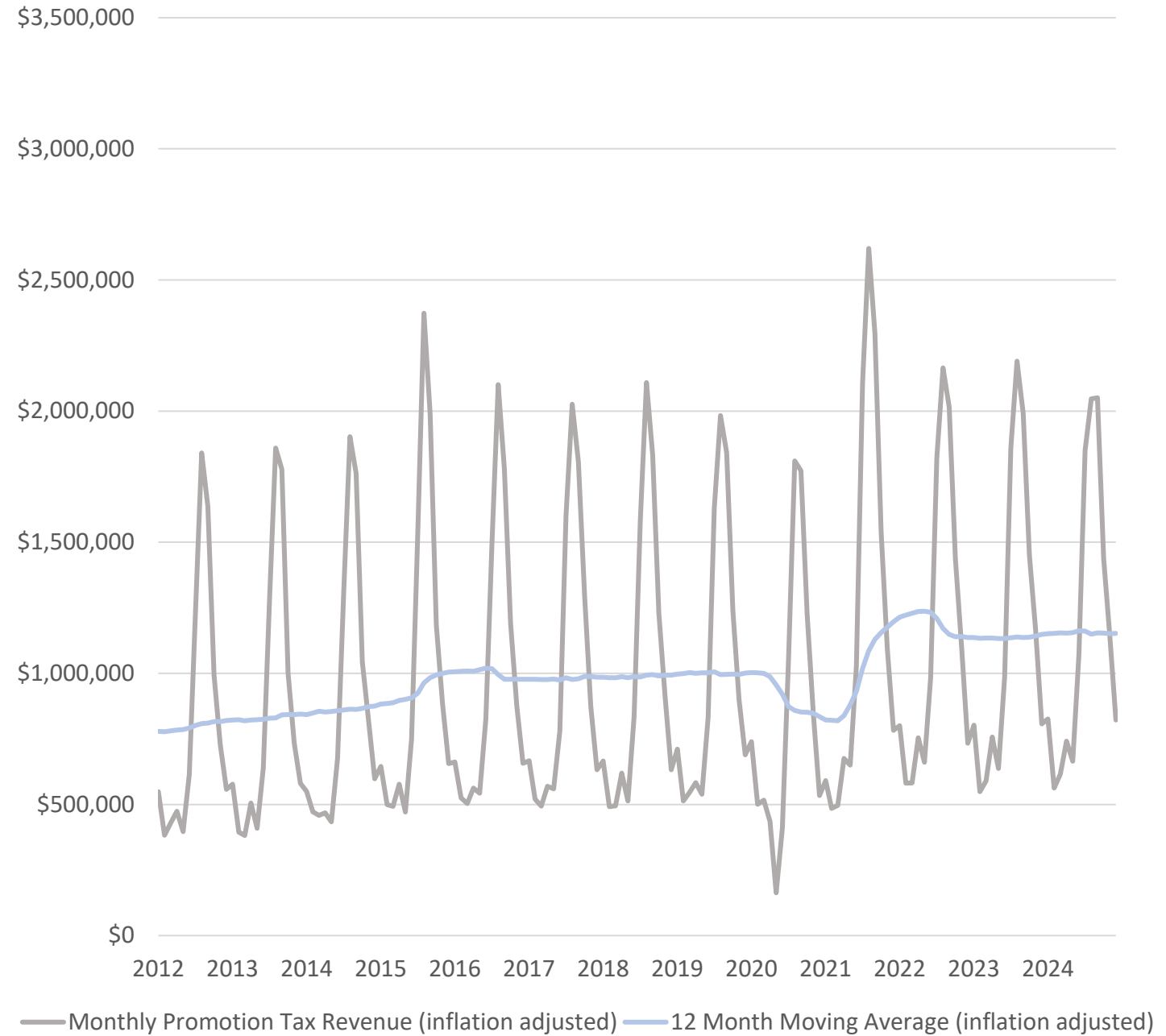


SD Tourism Promotion Tax Collections



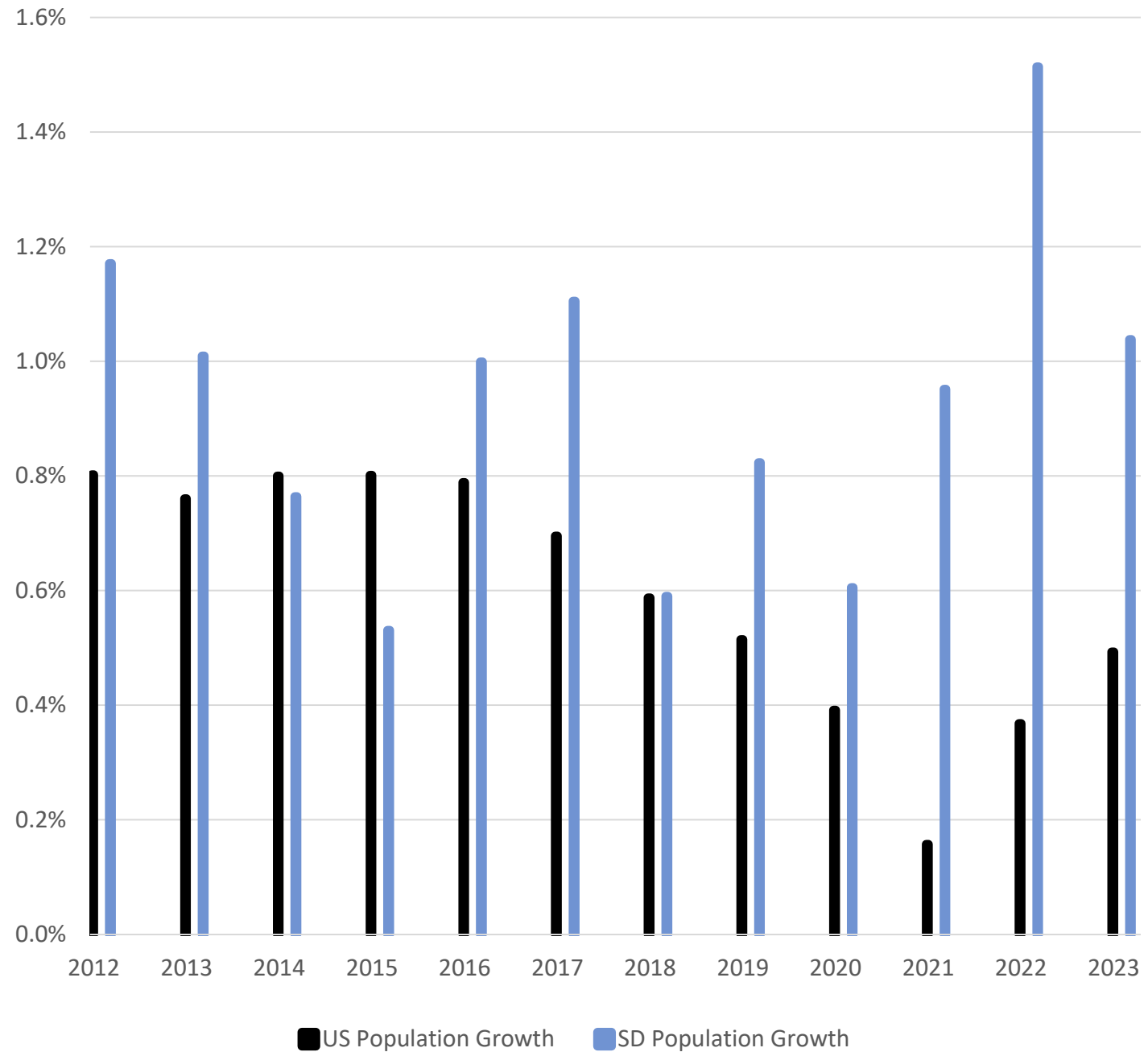


SD Tourism Promotion Tax Collections (inflation adjusted)





Population Growth



S&P Global Forecast - SD

	2019	2020	2021	2022	2023	2024	2025 f	2026 f	'14-'24 avg.
Real GDP Growth	1.1%	0.5%	5.2%	-0.5%	3.6%	0.5%	1.6%	2.5%	1.6%
Nonfarm Employment	0.6%	-3.3%	3.4%	2.8%	2.1%	1.2%	0.4%	0.1%	1.1%
Personal Income	6.4%	9.9%	13.9%	5.6%	5.0%	3.1%	5.7%	6.3%	5.6%
Housing Starts	4,248	6,073	7,725	7,432	6,040	5,586	5,370	4,607	5,564
Unemployment Rate	2.8%	4.2%	2.6%	2.0%	2.0%	2.0%	2.3%	2.6%	2.8%



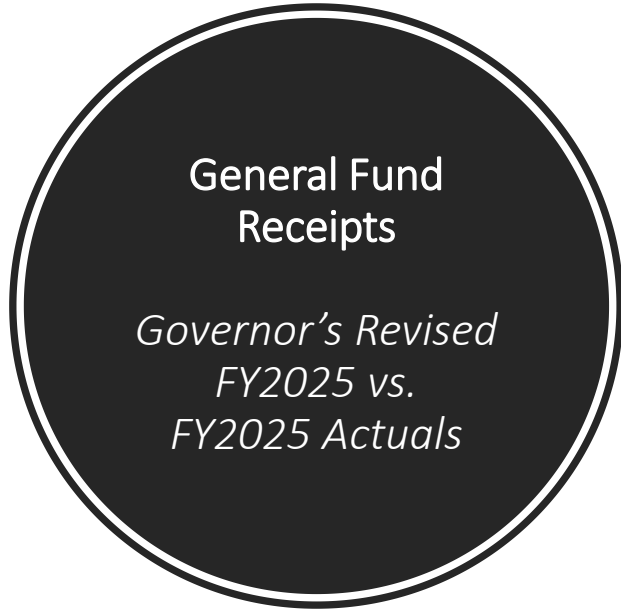
General Fund Revenue

Legislative Adopted FY2025 Estimate (Feb. 2024) vs. Actual Revenues
Year-to-Date Through DECEMBER FY2025 Comparison



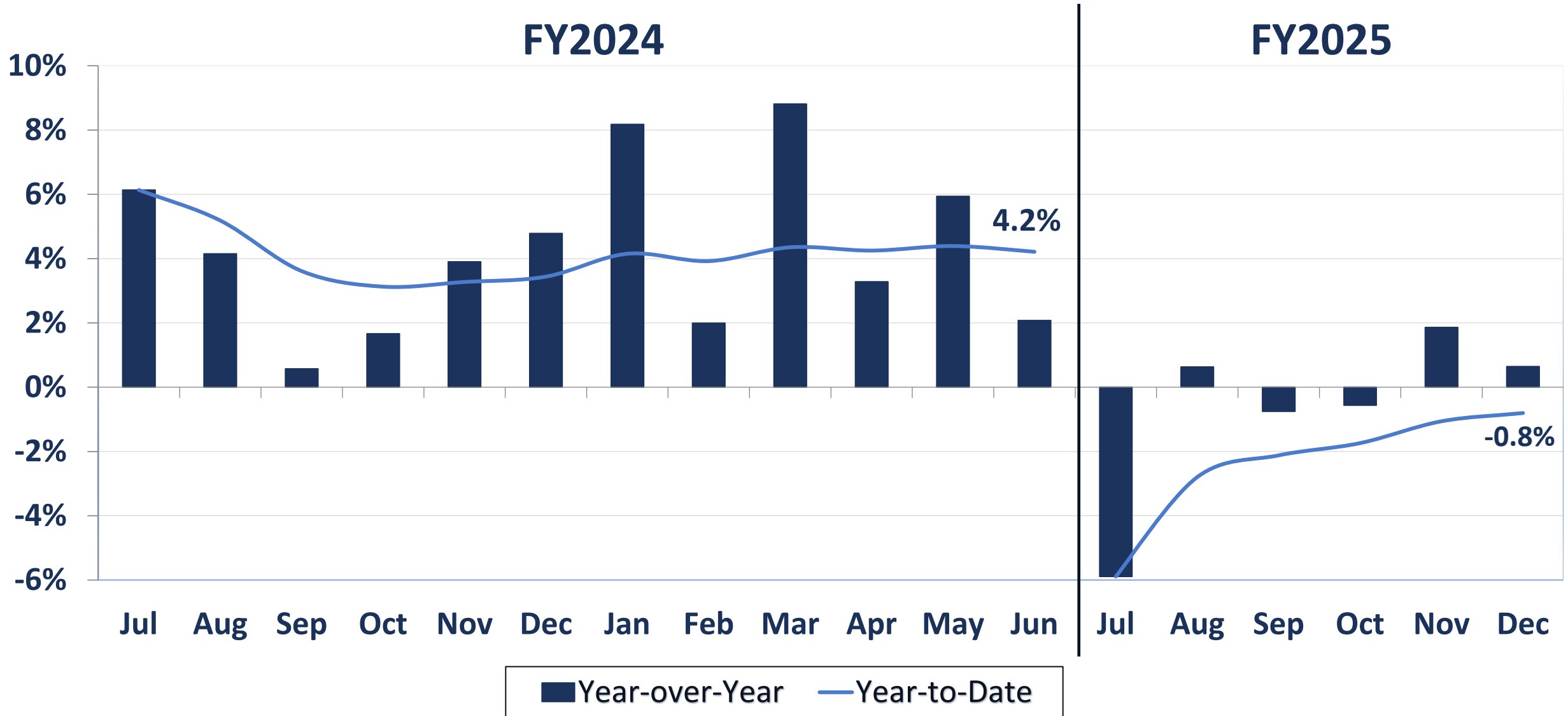
	Leg. Adopted DECEMBER YTD FY2025	Actual DECEMBER YTD FY2025	DOLLAR CHANGE	YTD % Chg. Actual/Adopt Comparison
ONGOING RECEIPTS				
Net Sales and Use Tax (excl. cost of admin)	781,621,245	752,111,115	(29,510,130)	-3.8%
Lottery	85,660,947	87,409,963	1,749,016	2.0%
Net Contractor's Excise Tax	127,618,764	120,985,635	(6,633,129)	-5.2%
Insurance Company Tax	57,463,404	57,433,815	(29,590)	-0.1%
Unclaimed Property Receipts	86,055,415	110,788,682	24,733,267	28.7%
Licenses, Permits, and Fees	15,711,960	11,853,865	(3,858,095)	-24.6%
Tobacco Taxes	24,639,074	23,735,635	(903,439)	-3.7%
Trust Funds	35,309,002	35,309,002	0	0.0%
Net Transfers In (excluding one-time)	13,760,355	14,153,751	393,396	2.9%
Alcohol Beverage Tax	2,560,715	2,474,908	(85,807)	-3.4%
Bank Franchise Tax	3,606,200	9,805,224	6,199,024	171.9%
Charges for Goods and Services	6,193,722	5,782,821	(410,900)	-6.6%
Telecommunications Tax	917,399	907,117	(10,282)	-1.1%
Severance Taxes	5,499,062	8,196,546	2,697,484	49.1%
Investment Income and Interest	73,485,795	95,894,981	22,409,186	30.5%
Alcohol Beverage 2% Wholesale Tax	1,623,285	1,595,672	(27,613)	-1.7%
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,321,726,344	1,338,438,732	\$ 16,712,388	1.3%
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	-	817,339	817,339	N/A
One-Time Unclaimed Property	-	167,664,409	167,664,409	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 0	\$ 168,481,748	\$ 168,481,748	N/A
GRAND TOTAL	\$ 1,321,726,344	\$ 1,506,920,480	\$ 185,194,136	14.0%

Governor's Revised FY2025 Estimate (Nov. 2024) vs. Actual Revenues
Year-To-Date Through DECEMBER FY2025 Comparison



	Gov. Revised DECEMBER YTD FY2025	Actual DECEMBER YTD FY2025	DOLLAR CHANGE	YTD % Chg. Actual/Revised Comparison
ONGOING RECEIPTS				
Net Sales and Use Tax (excl. cost of admin)	755,552,254	752,111,115	(3,441,139)	-0.5%
Lottery	86,460,924	87,409,963	949,039	1.1%
Net Contractor's Excise Tax	120,261,445	120,985,635	724,190	0.6%
Insurance Company Tax	58,126,830	57,433,815	(693,015)	-1.2%
Unclaimed Property Receipts	108,077,603	110,788,682	2,711,079	2.5%
Licenses, Permits, and Fees	12,696,628	11,853,865	(842,763)	-6.6%
Tobacco Taxes	24,417,943	23,735,635	(682,308)	-2.8%
Trust Funds	35,309,002	35,309,002	0	0.0%
Net Transfers In (excluding one-time)	14,645,257	14,153,751	(491,505)	-3.4%
Alcohol Beverage Tax	2,473,007	2,474,908	1,901	0.1%
Bank Franchise Tax	5,620,305	9,805,224	4,184,919	74.5%
Charges for Goods and Services	5,718,283	5,782,821	64,538	1.1%
Telecommunications Tax	875,853	907,117	31,264	3.6%
Severance Taxes	6,514,130	8,196,546	1,682,417	25.8%
Investment Income and Interest	95,918,951	95,894,981	(23,971)	0.0%
Alcohol Beverage 2% Wholesale Tax	1,631,886	1,595,672	(36,214)	-2.2%
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,334,300,299	\$ 1,338,438,732	\$ 4,138,433	0.3%
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	54,690	817,339	762,649	1394.5%
One-Time Unclaimed Property	167,664,409	167,664,409	0	0.0%
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 167,719,099	\$ 168,481,748	\$ 762,649	0.5%
GRAND TOTAL	\$ 1,502,019,398	\$ 1,506,920,480	\$ 4,901,082	0.3%

Sales & Use Tax Growth *(RATE ADJUSTED)*





Council Discussion

S&P Global Forecast - US

	2019	2020	2021	2022	2023	2024	2025 f	2026 f	'14-'24 avg.
Real GDP Growth	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	2.0%	1.7%	2.5%
Nonfarm Employment	1.3%	-5.8%	2.9%	4.3%	2.3%	1.6%	0.9%	-0.1%	1.4%
Personal Income	4.8%	6.8%	9.2%	3.1%	5.9%	5.5%	5.1%	5.5%	5.3%
Unemployment Rate	3.7%	8.1%	5.4%	3.6%	3.6%	4.0%	4.4%	4.7%	4.8%
CPI-U	1.8%	1.2%	4.7%	8.0%	4.1%	3.0%	2.9%	3.3%	2.8%

S&P Global Forecast - SD

	2019	2020	2021	2022	2023	2024	2025 f	2026 f	'14-'24 avg.
Real GDP Growth	1.1%	0.5%	5.2%	-0.5%	3.6%	0.5%	1.6%	2.5%	1.6%
Nonfarm Employment	0.6%	-3.3%	3.4%	2.8%	2.1%	1.2%	0.4%	0.1%	1.1%
Personal Income	6.4%	9.9%	13.9%	5.6%	5.0%	3.1%	5.7%	6.3%	5.6%
Housing Starts	4,248	6,073	7,725	7,432	6,040	5,586	5,370	4,607	5,564
Unemployment Rate	2.8%	4.2%	2.6%	2.0%	2.0%	2.0%	2.3%	2.6%	2.8%

Other Discussion Items

- Next Meeting Date – late May
- Other Comments
- Public Comments