Governor's Council of Economic Advisors

October 30, 2025

BUREAU OF FINANCE & MANAGEMENT South Dakota

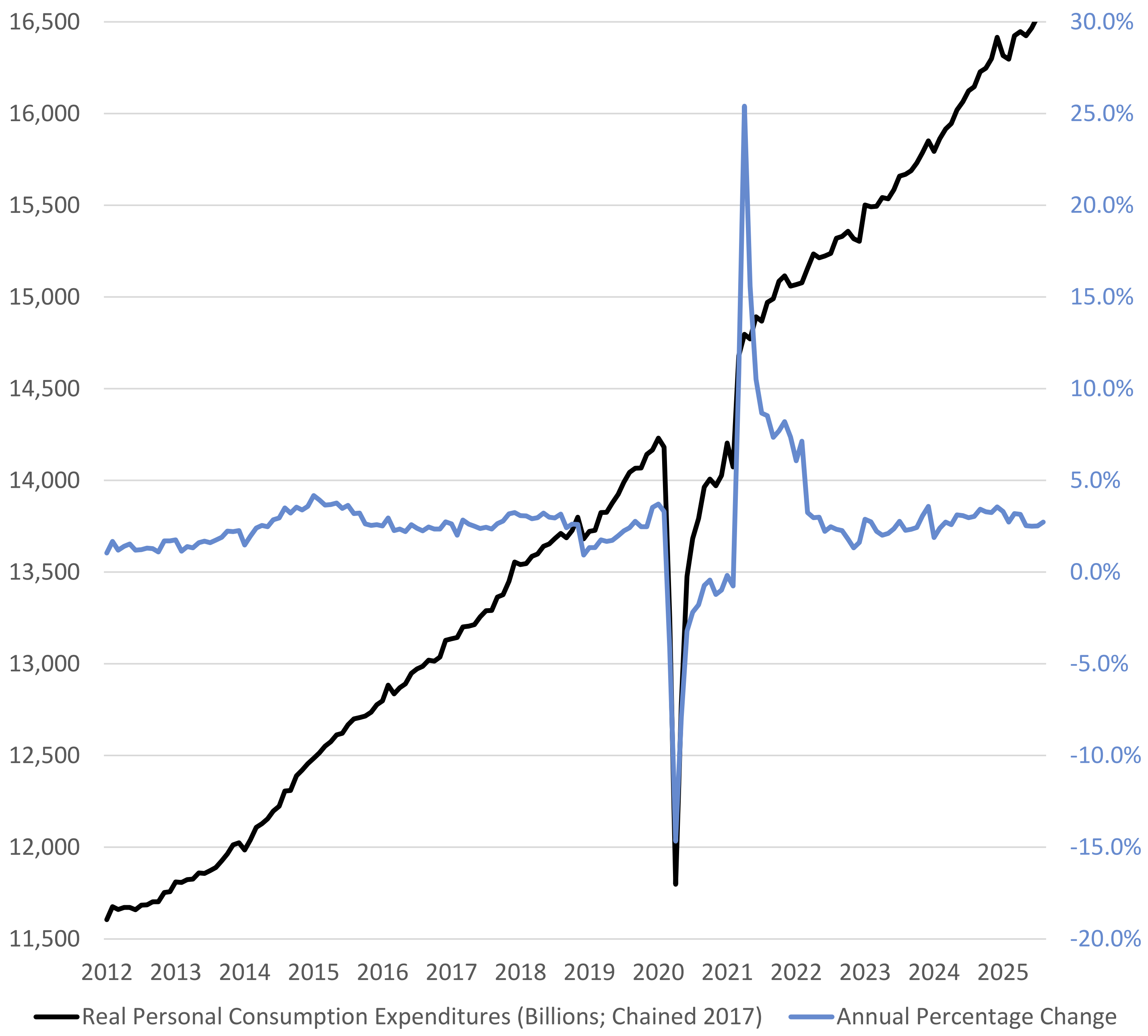
Outline of Presentation

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

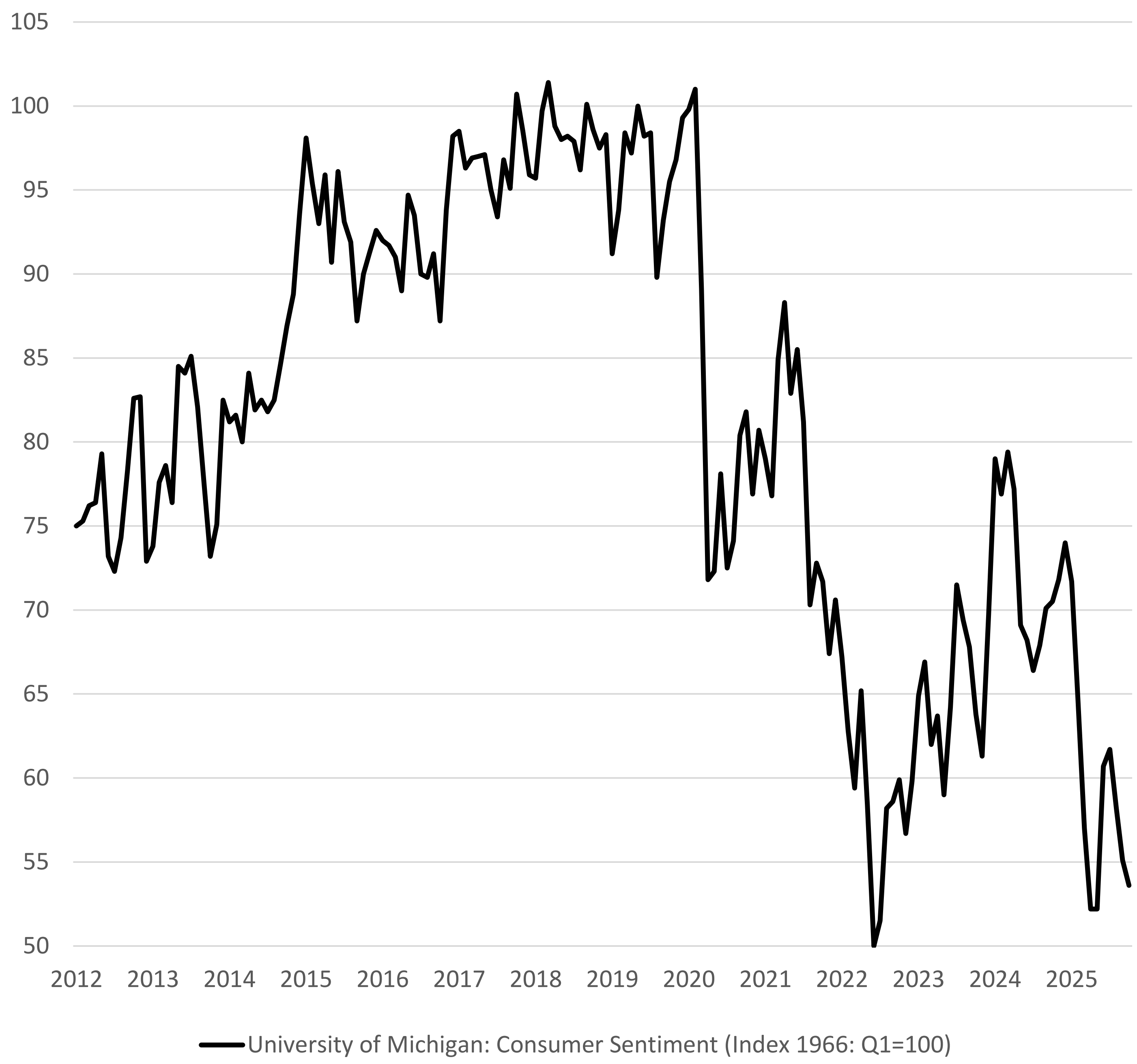
US Economy

- Consumption
- Federal Fiscal Picture
- Employment and Unemployment
- Inflation

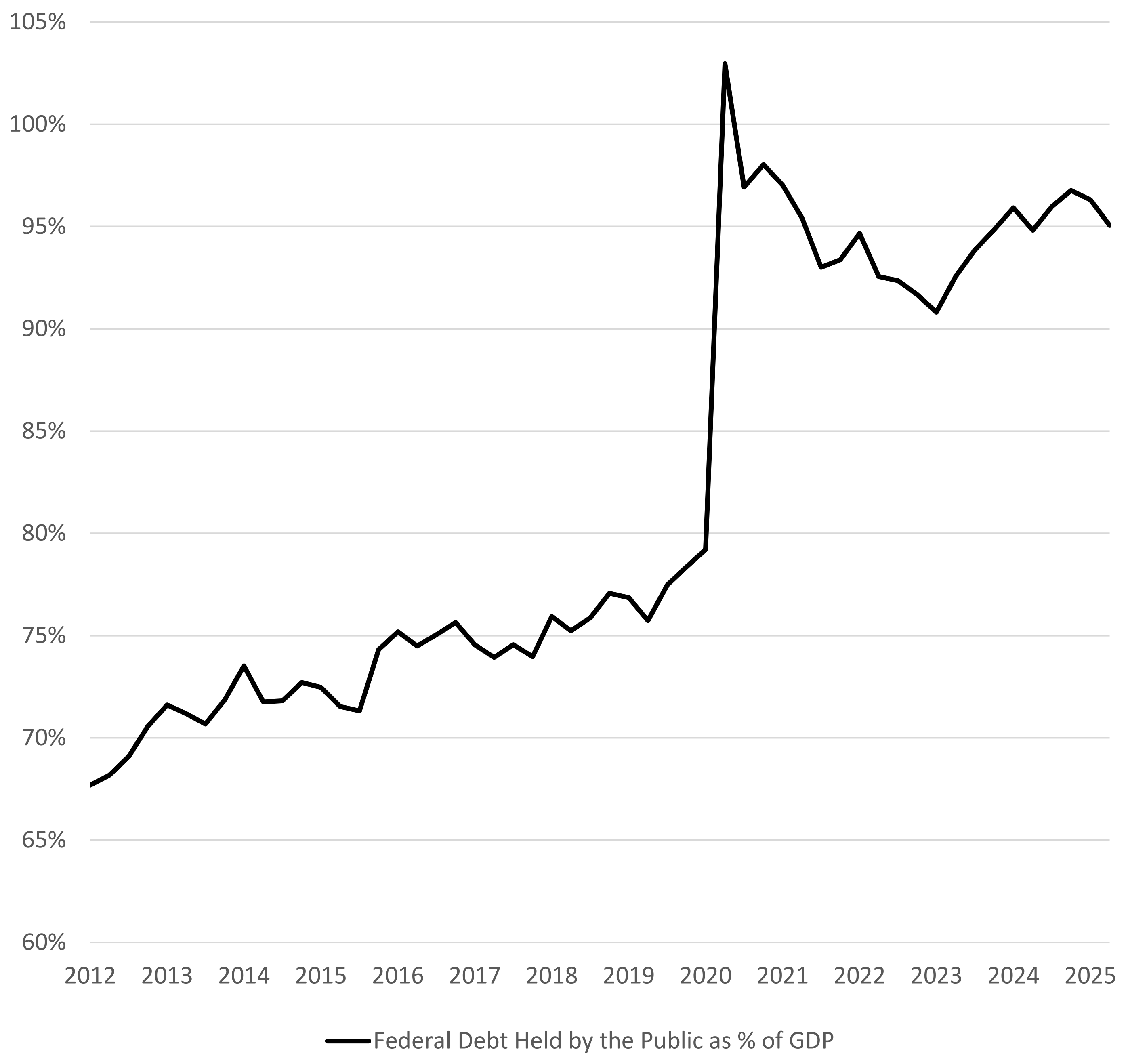
US Real Personal Consumption Expenditures



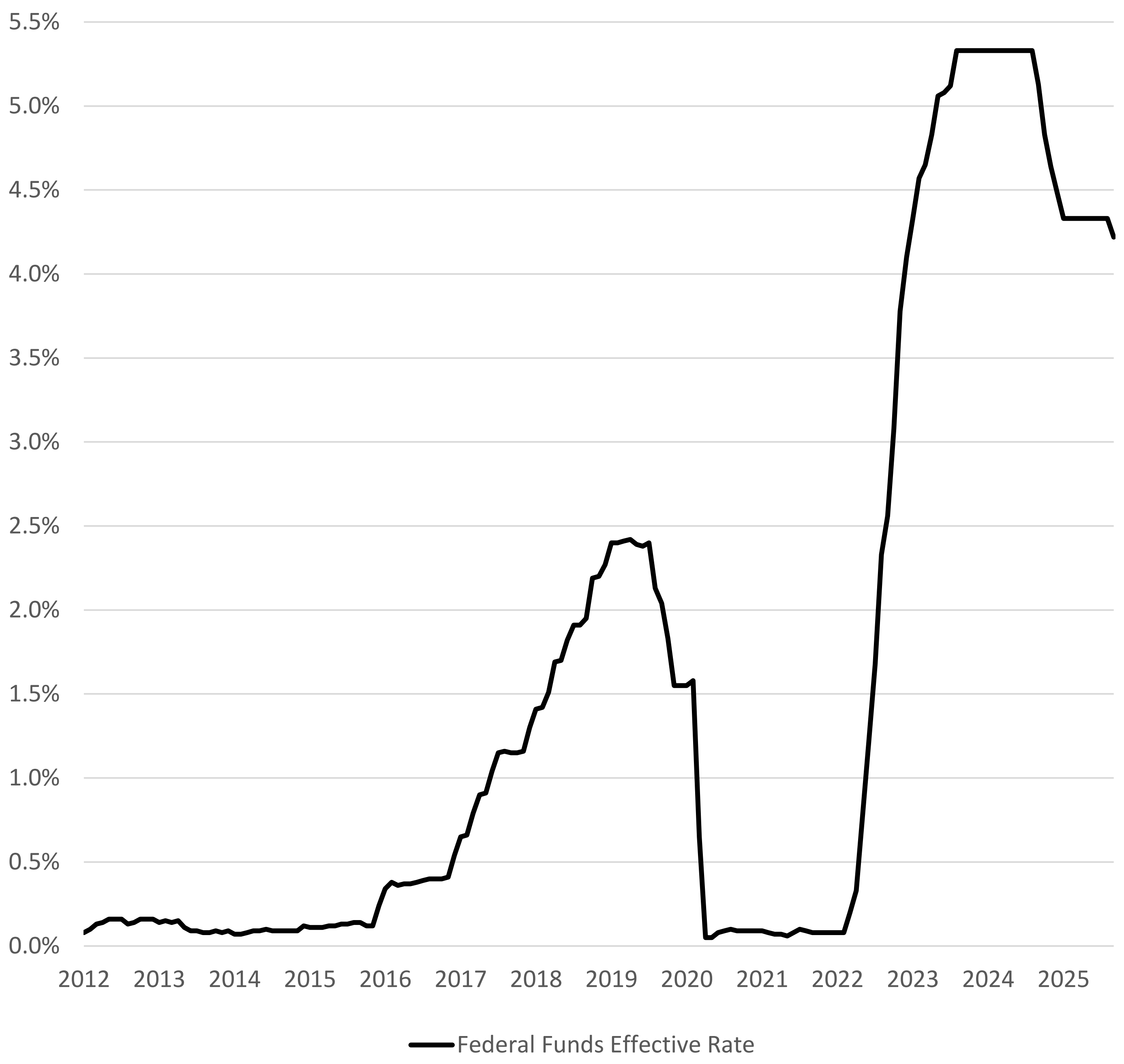
US Consumer Sentiment



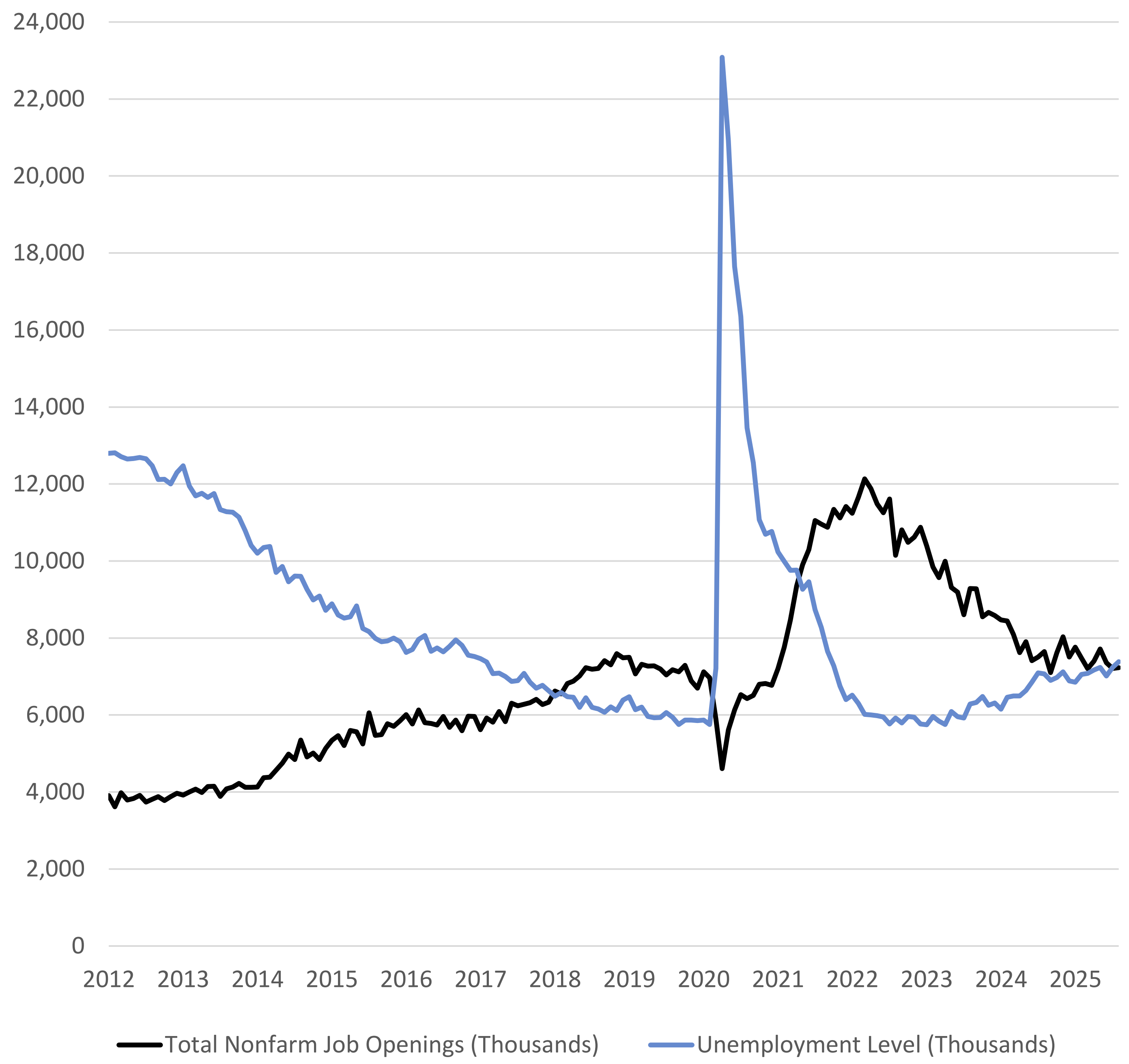
Debt Held by Public



Interest Rates



US Job Openings vs. Unemployed



Inflation: CPI

S&P Global Forecast - US

	2020	2021	2022	2023	2024	2025 f	2026 f	2027 f	‘14-’24 avg.
Real GDP Growth	-2.1%	6.2%	2.5%	2.9%	2.8%	2.0%↑	2.2%↓	1.8%↑	*2.5%*
Nonfarm Employment	-5.8%	2.9%	4.3%	2.2%	1.3%	0.9%↓	0.6%↑	0.5%↑	*1.4%*
Personal Income	6.9%	9.5%	3.0%	6.5%	5.6%	5.0%↑	5.4%↓	5.5%↑	*5.3%*
Unemployment Rate	8.1%	5.4%	3.6%	3.6%	4.0%	4.2%↔	4.5%↔	4.5%↔	*4.8%*
CPI-U	1.3%	4.7%	8.0%	4.1%	3.0%	2.8%↔	2.9%↑	2.5%↔	*2.8%*

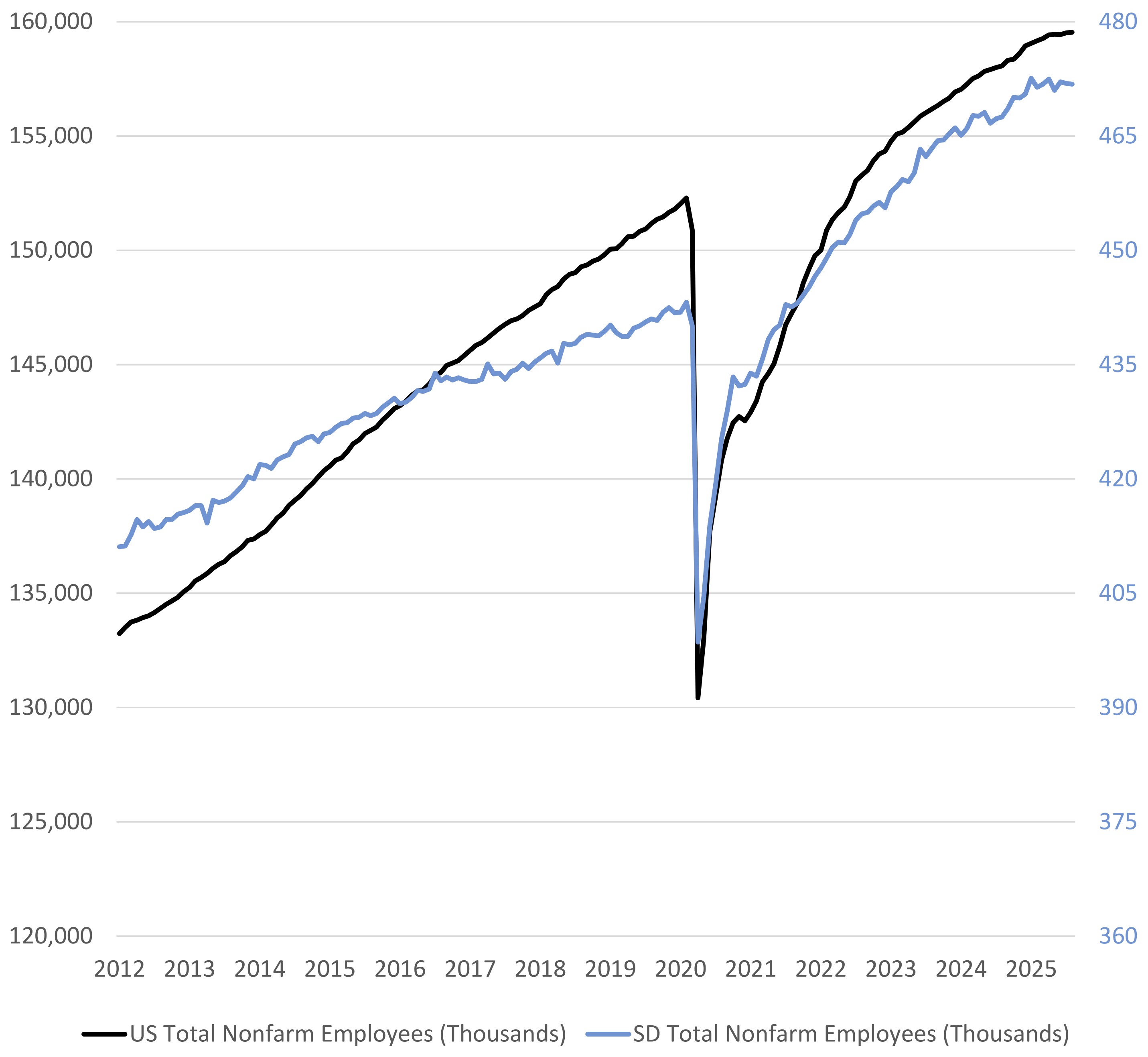
S&P Global Alternate Scenarios - US

	Optimistic Scenario (30% probability)			Pessimistic Scenario (20% probability)			
	2025 f	**2026 f**	**2027 f**	**2025 f**	**2026 f**	**2027 f**	**‘14-’24 avg.**
Real GDP Growth	2.2%	3.2%	2.0%	1.8%	0.5%	0.7%	***2.5%***
Nonfarm Employment	0.9%	0.8%	0.6%	0.9%	-0.5%	-1.0%	***1.4%***
Personal Income	5.0%	6.2%	6.4%	5.0%	4.2%	3.9%	***5.3%***
Unemployment Rate	4.2%	4.4%	4.4%	4.3%	5.4%	6.4%	***4.8%***
CPI-U	2.7%	2.9%	3.0%	2.8%	3.0%	2.2%	***2.8%***

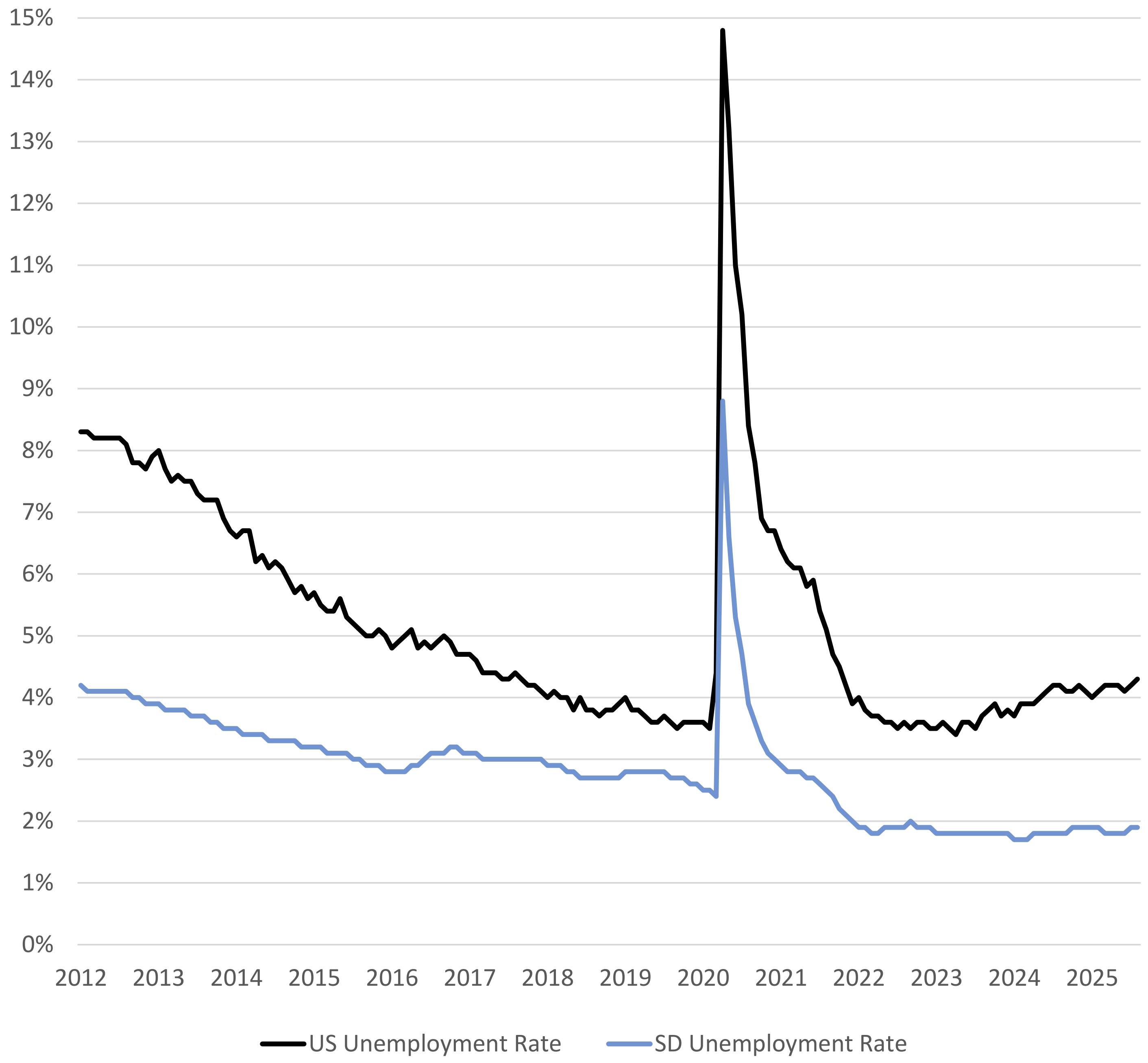
SD Forecast

- Employment
- Housing
- Income
- Tourism

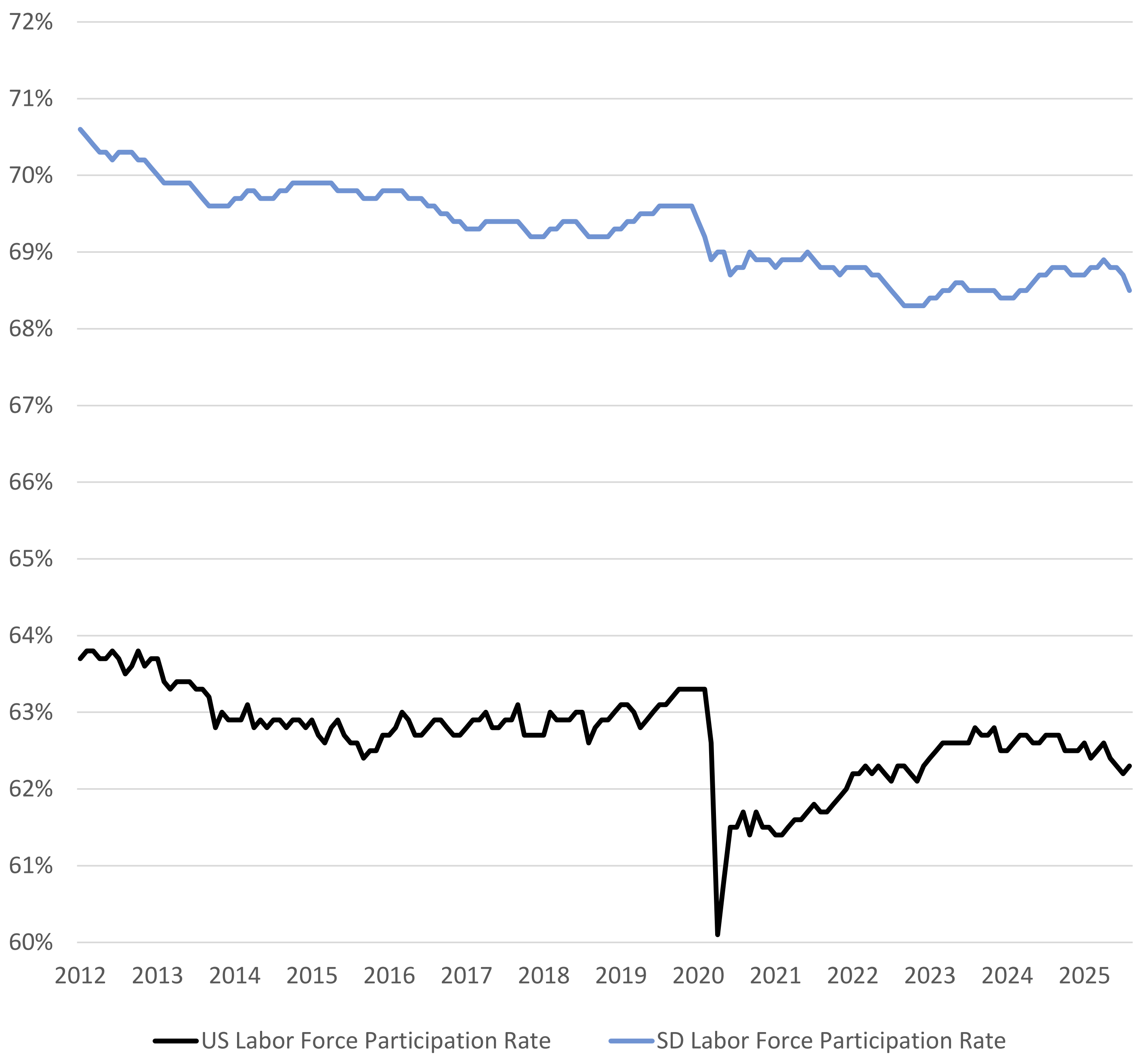
Employment Growth



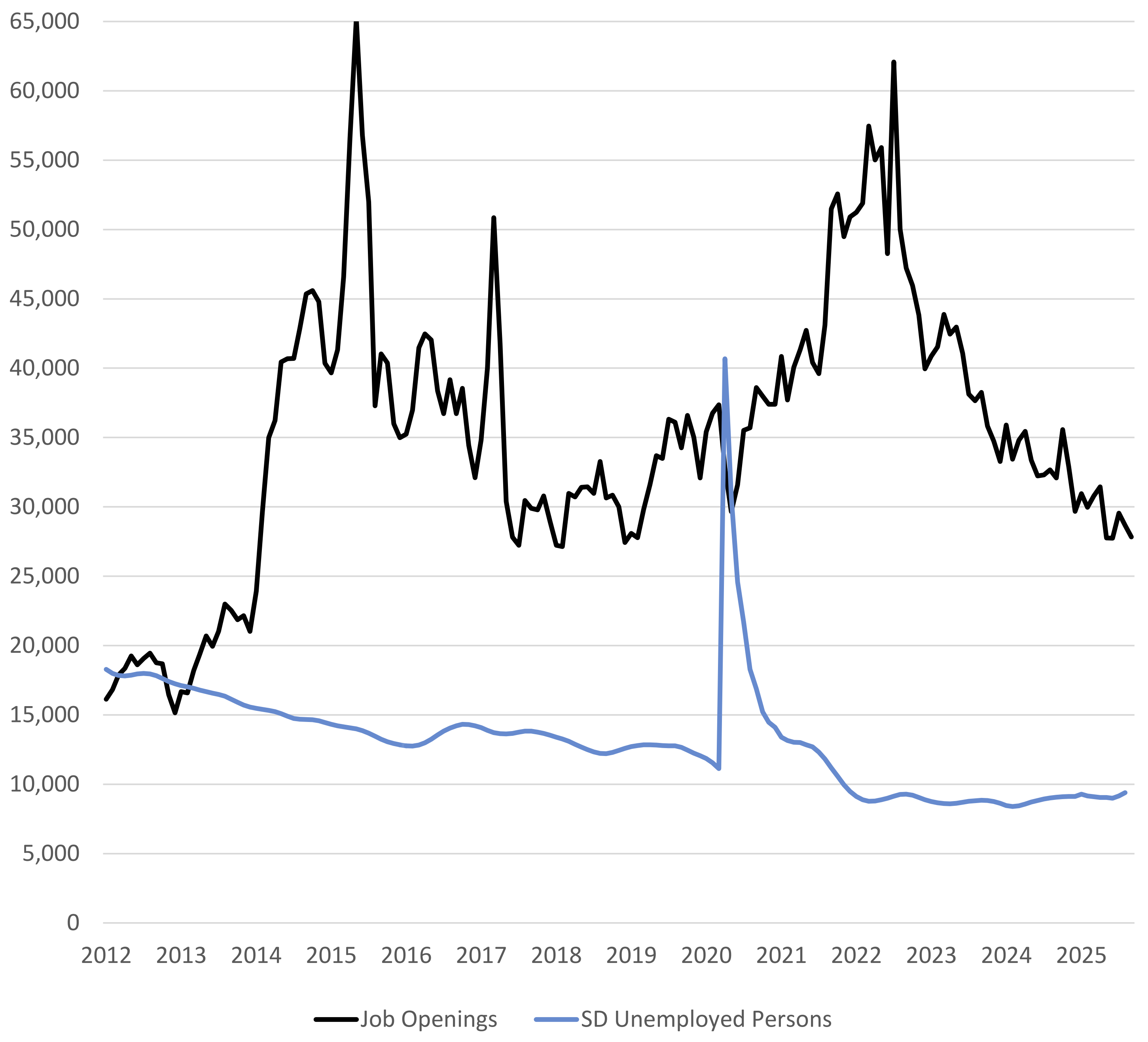
Unemployment Rate



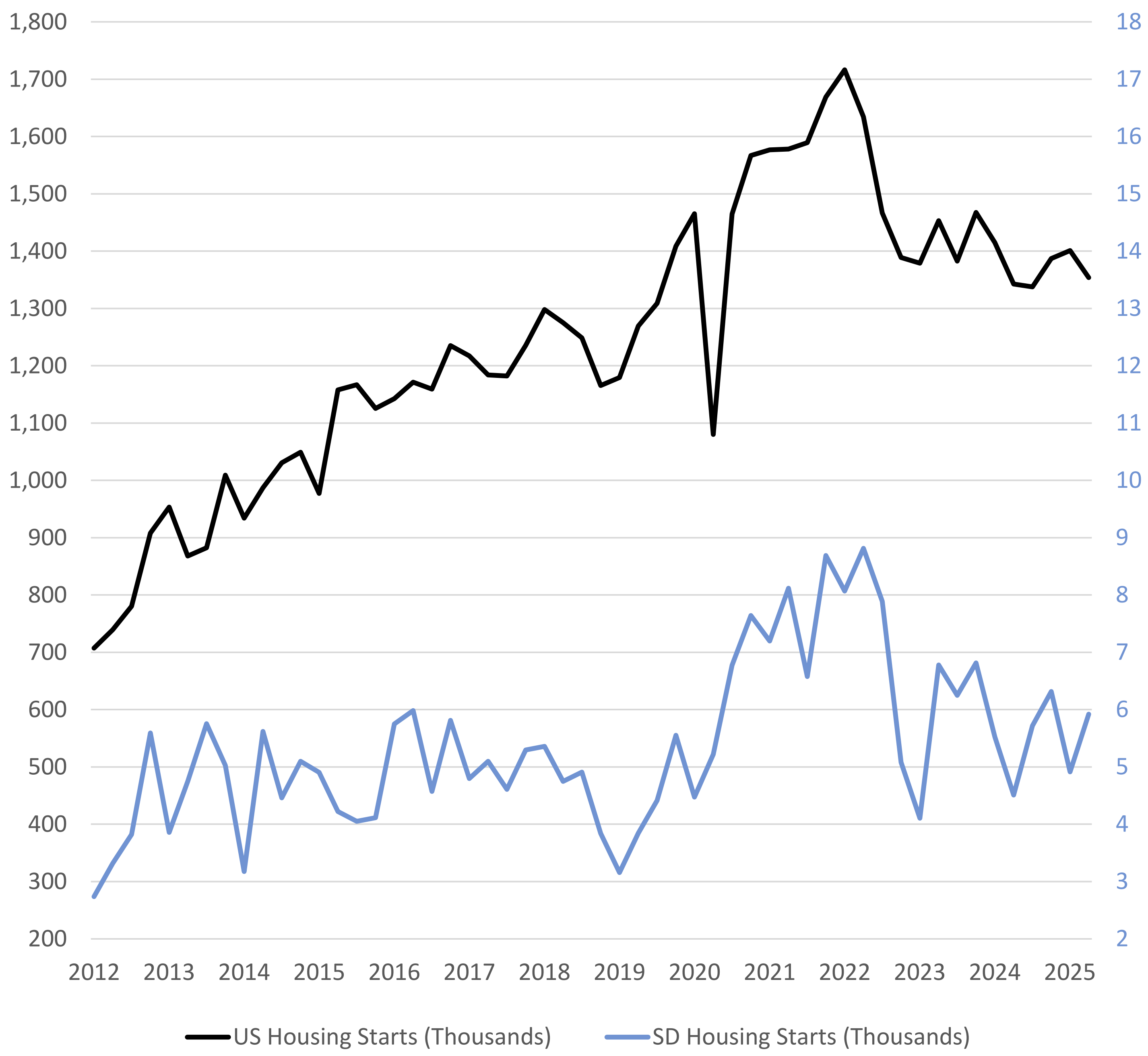
Labor Force Participation Rate



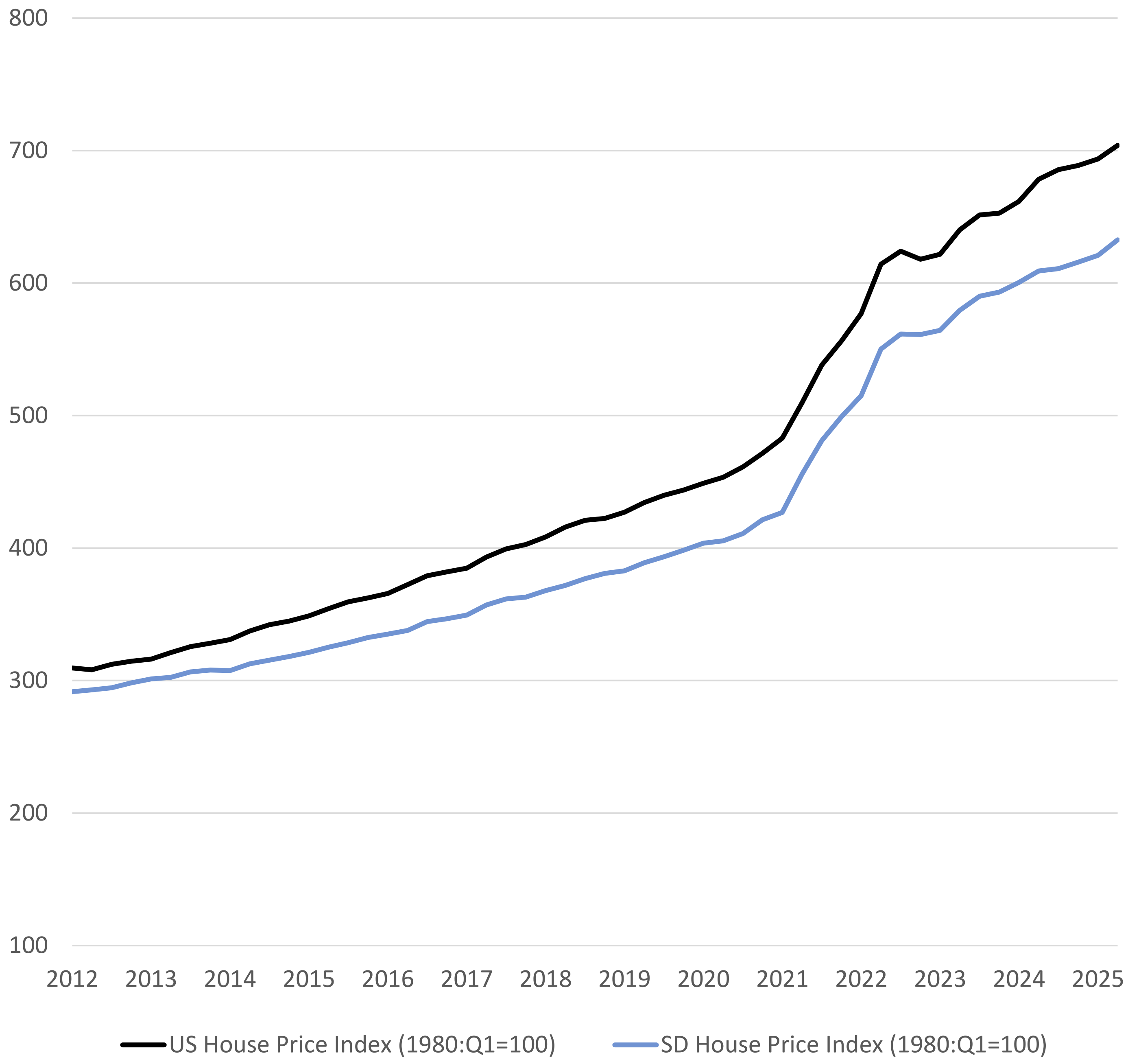
SD Job Openings vs. Unemployed



Housing Starts

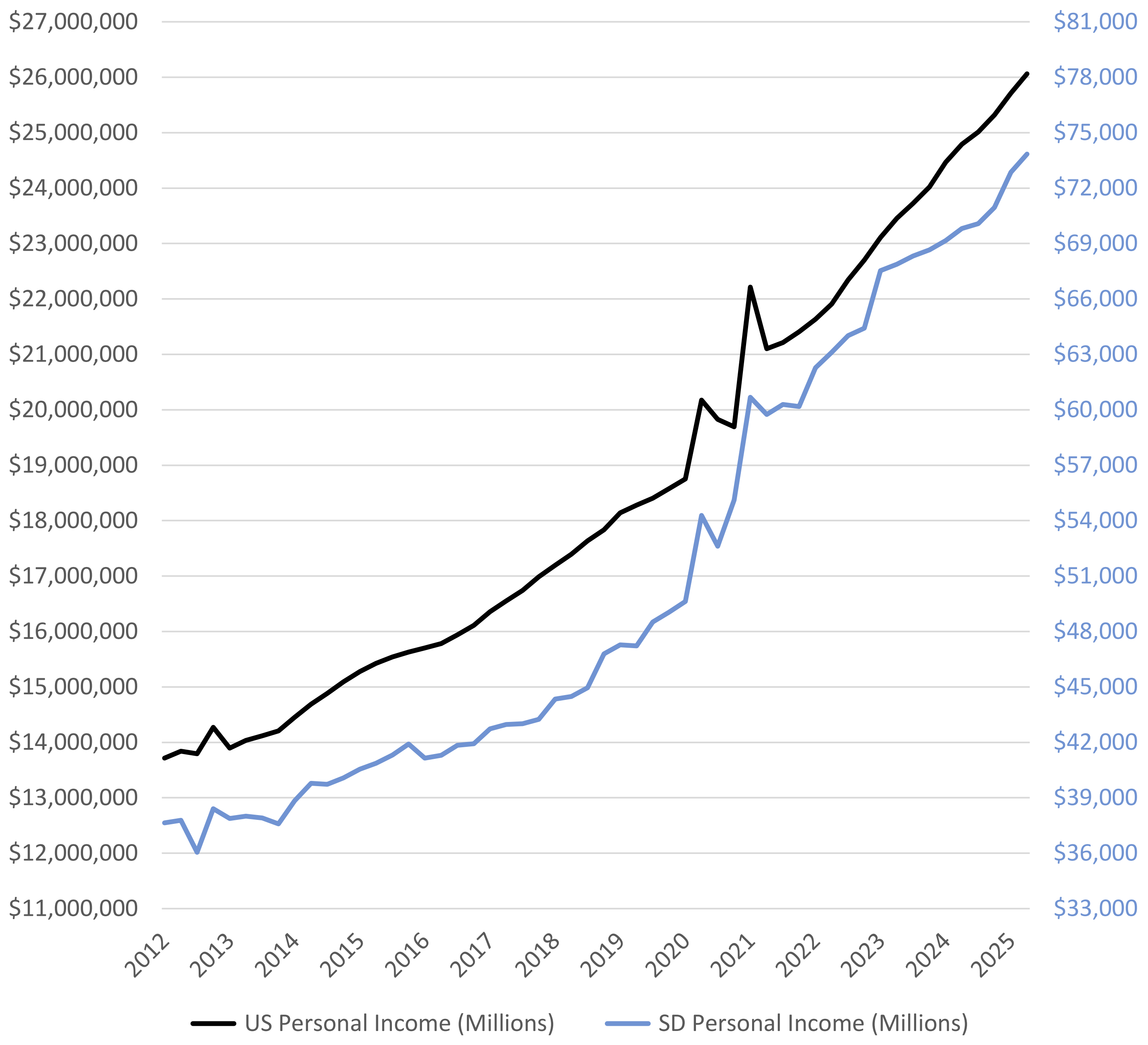


Home Price

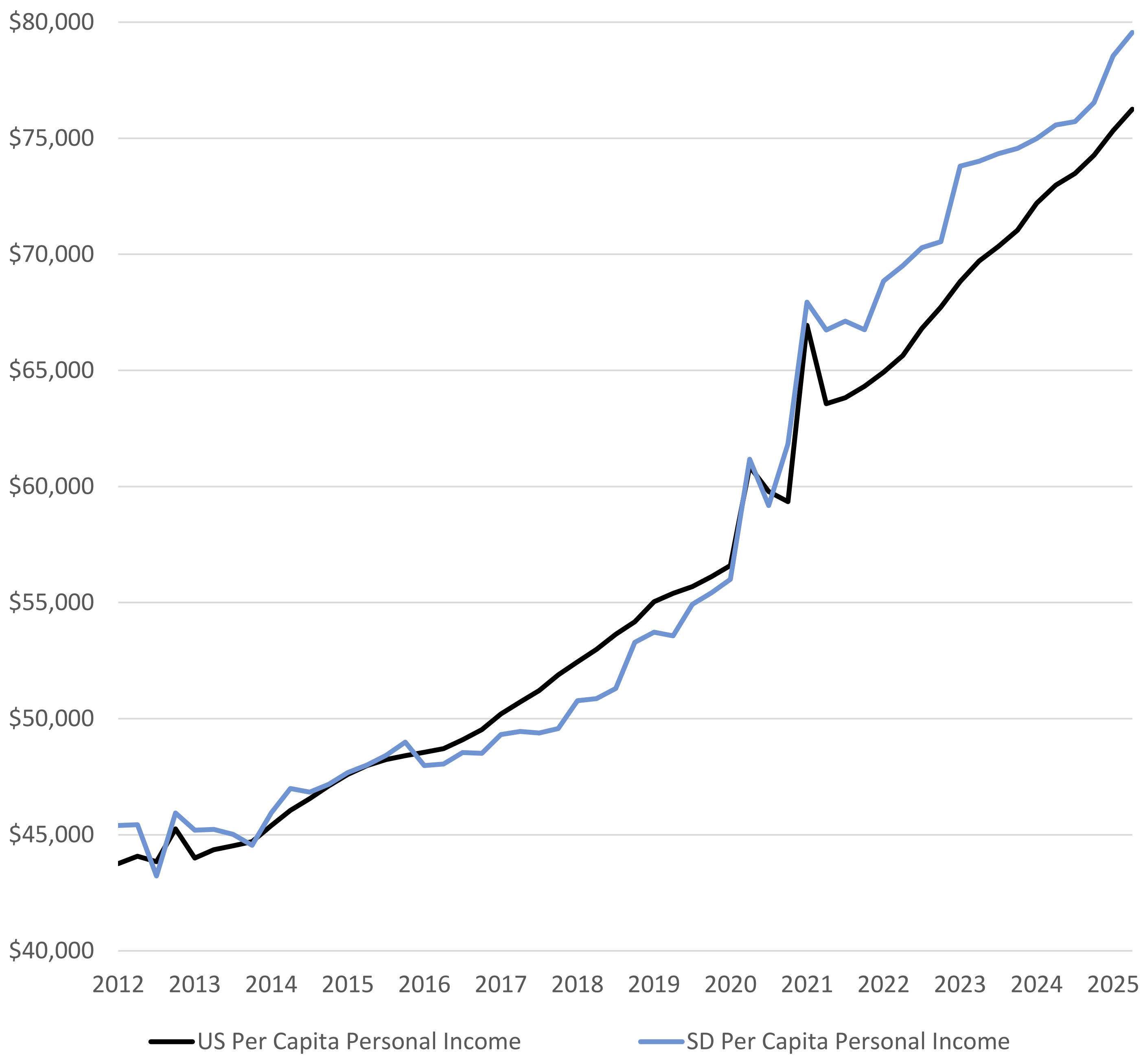


800
700
600
500
400
300
200
100
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
US House Price Index (1980:Q1=100)
SD House Price Index (1980:Q1=100)

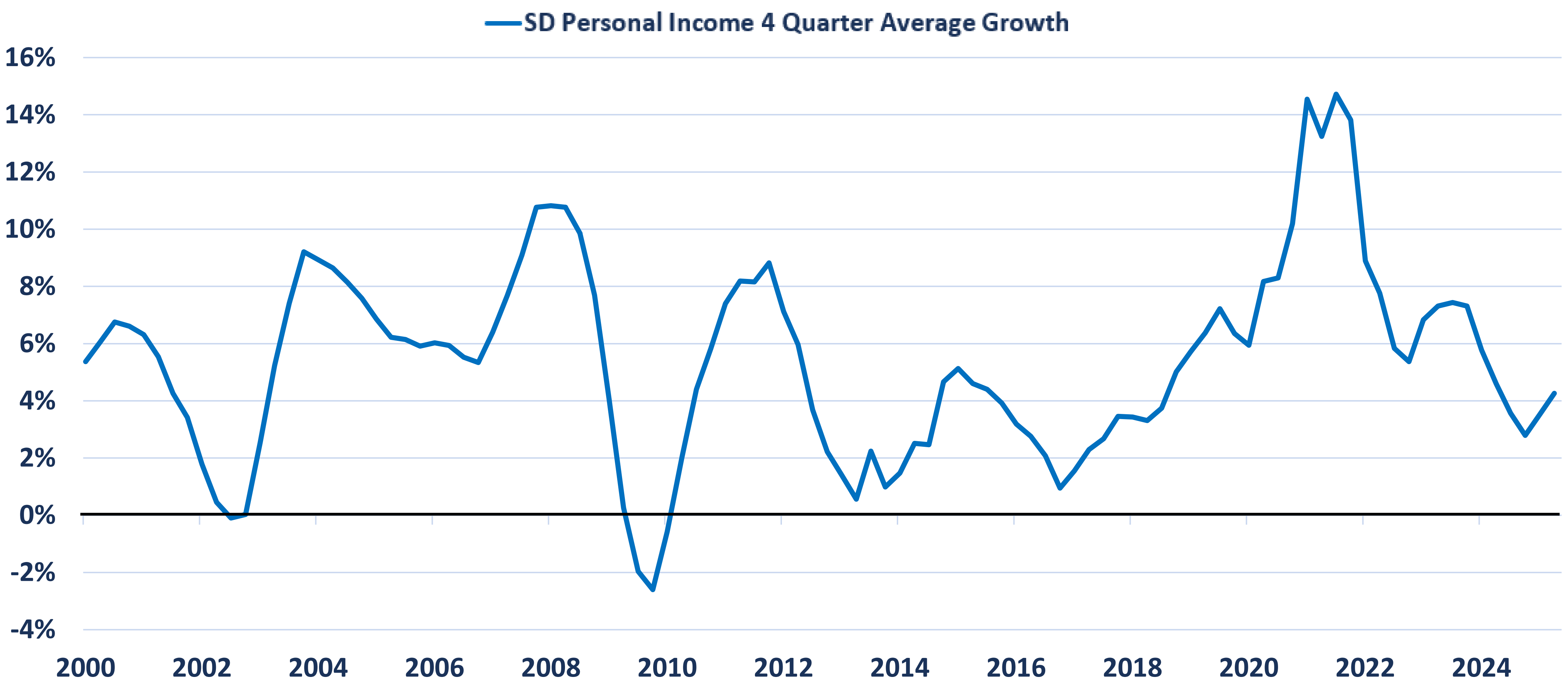
Personal Income



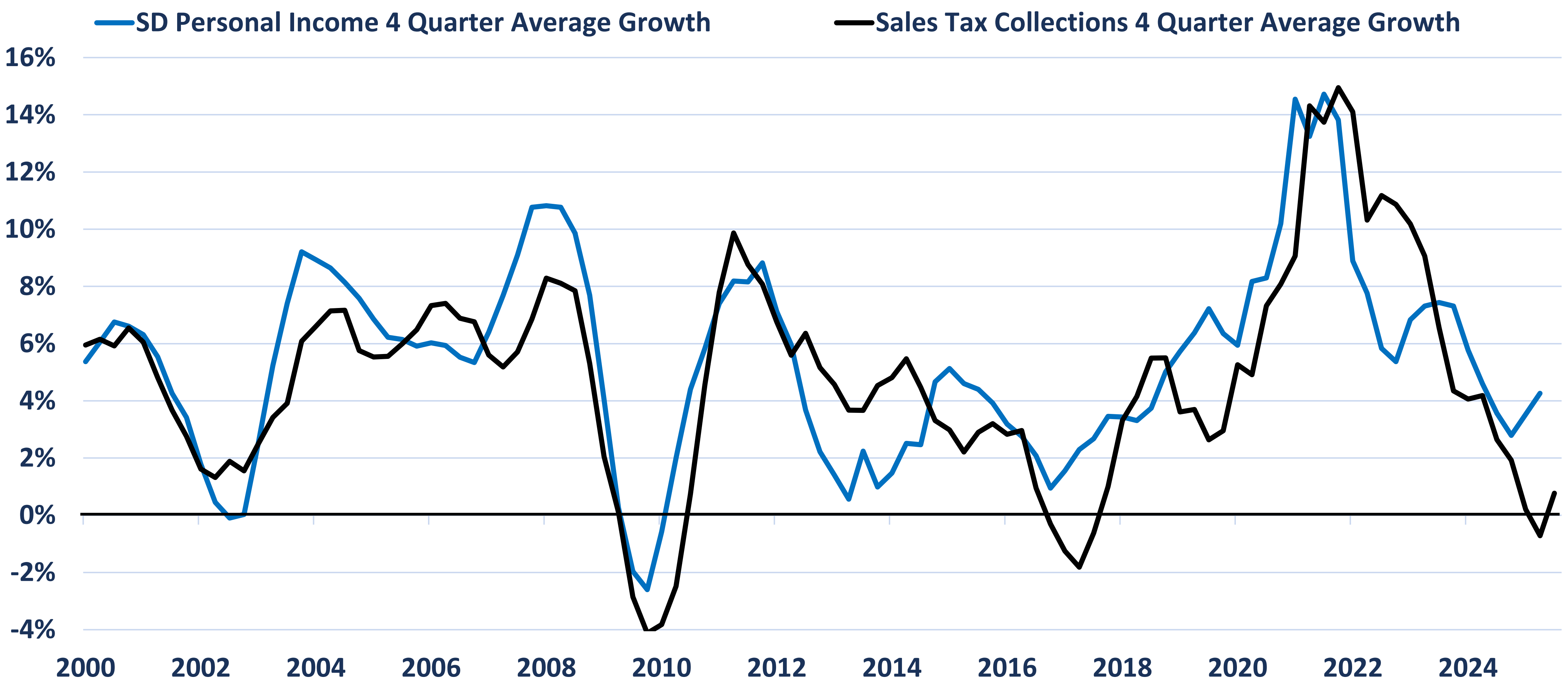
Per Capita Personal Income



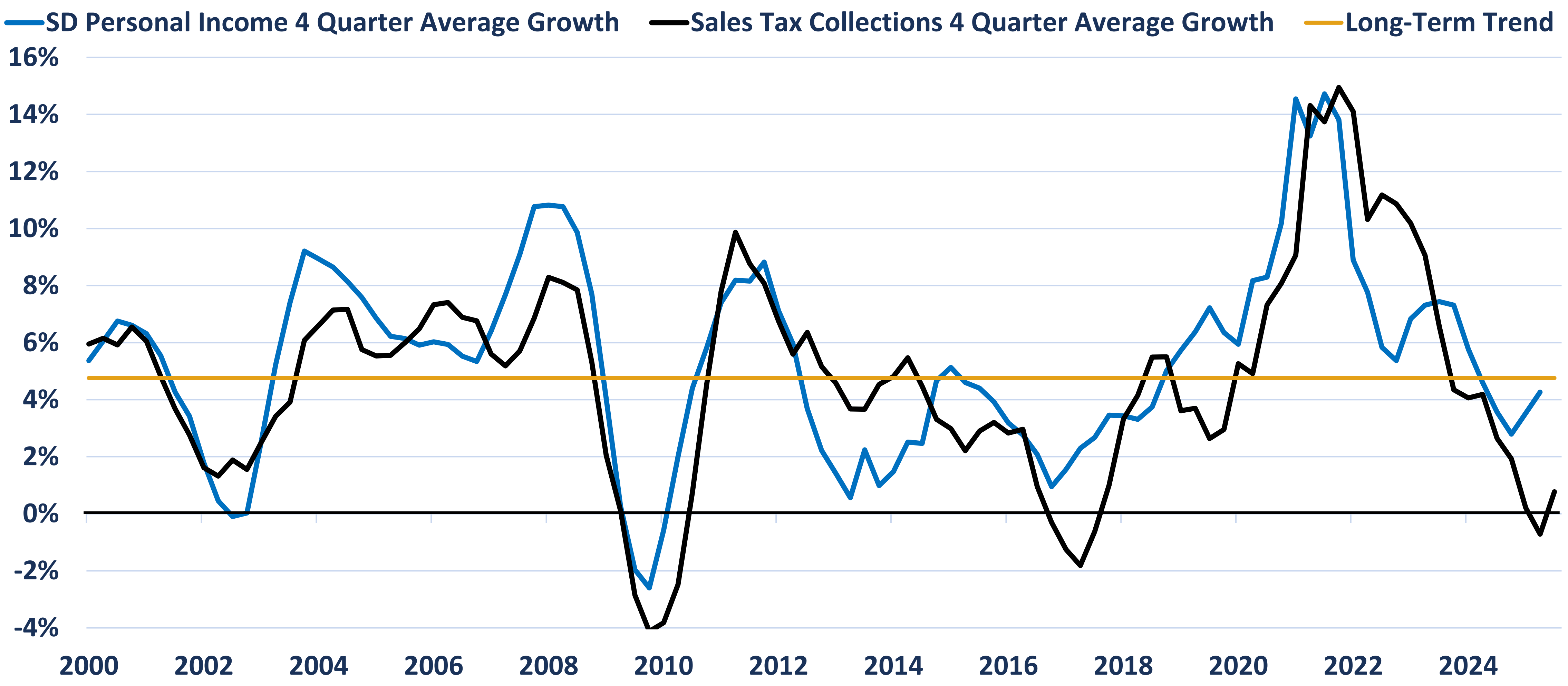
SD Personal Income



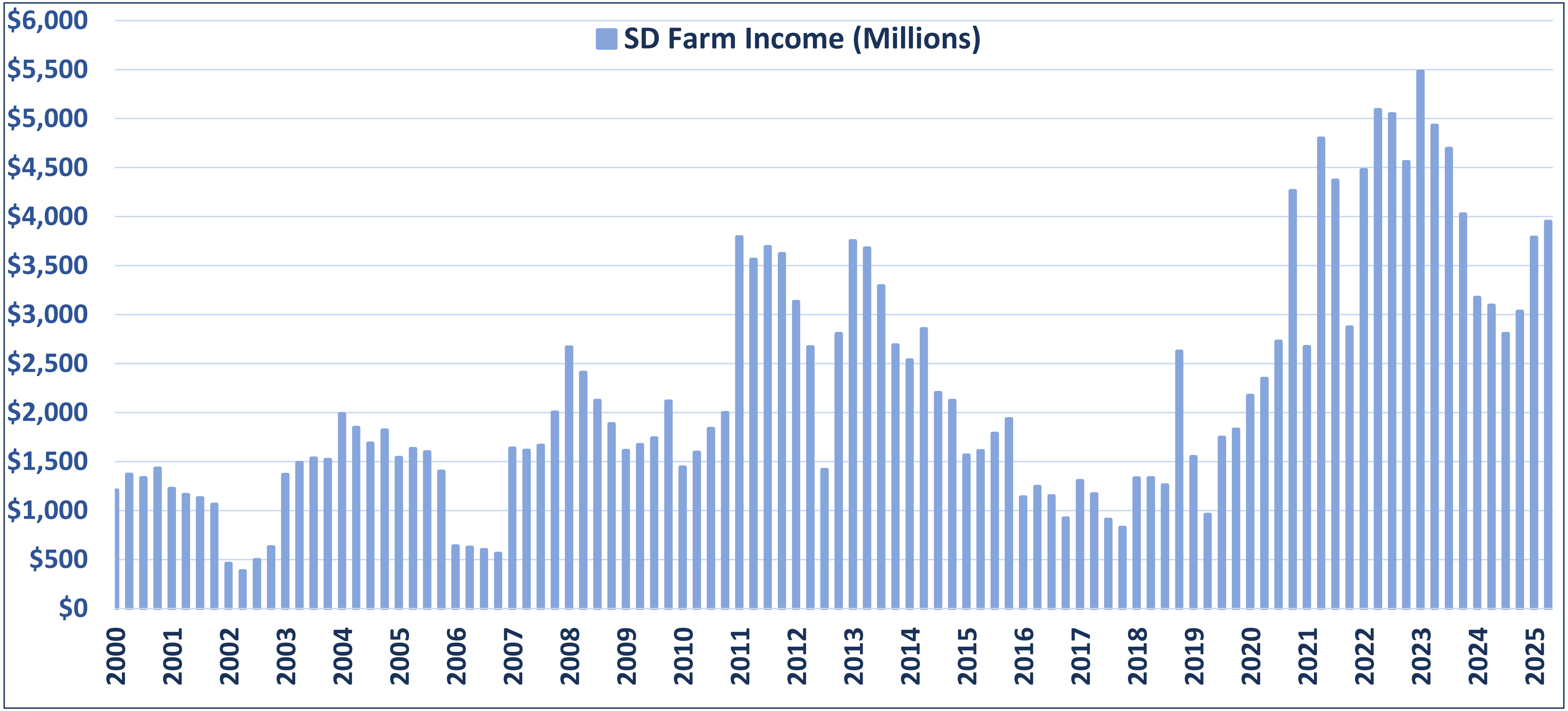
SD Personal Income vs. Sales Tax Collections



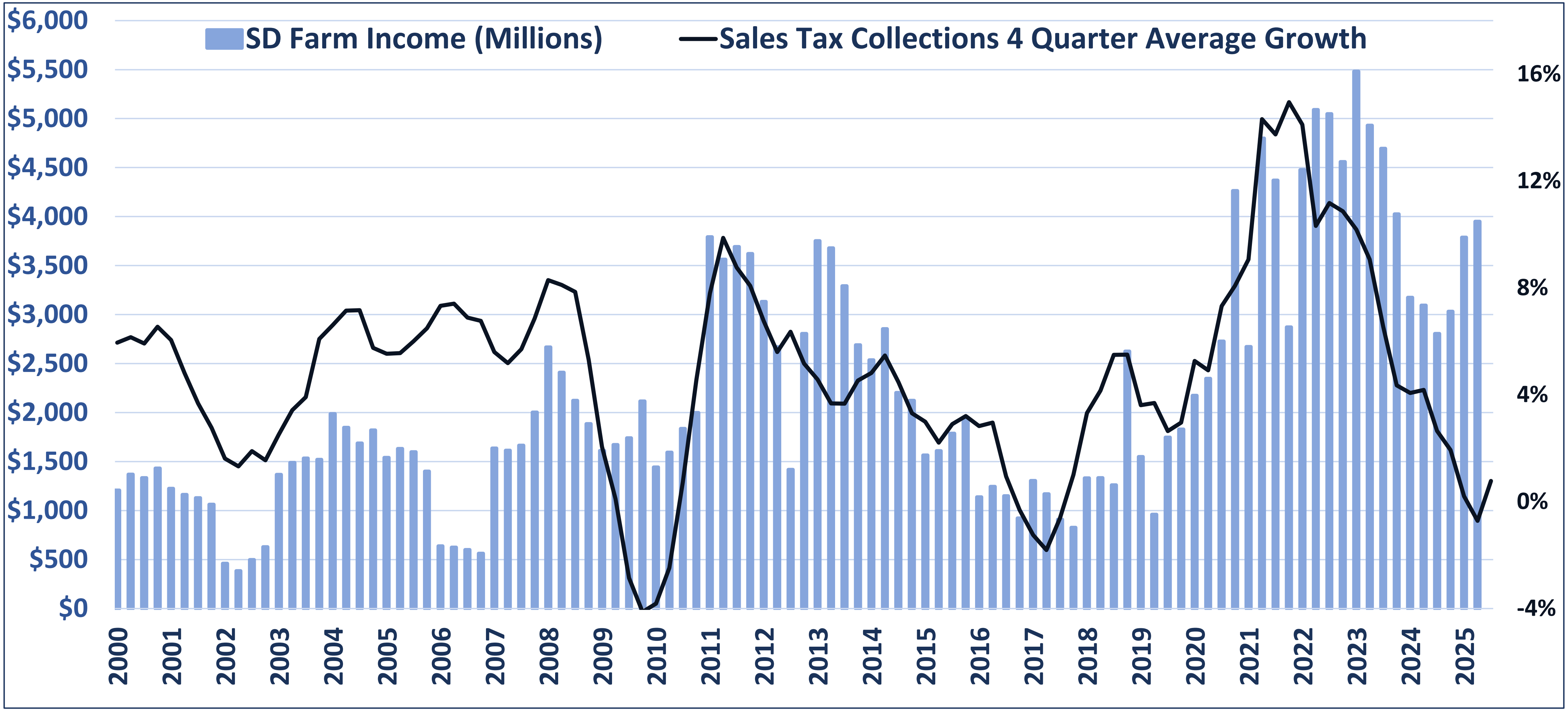
SD Personal Income vs. Sales Tax Collections



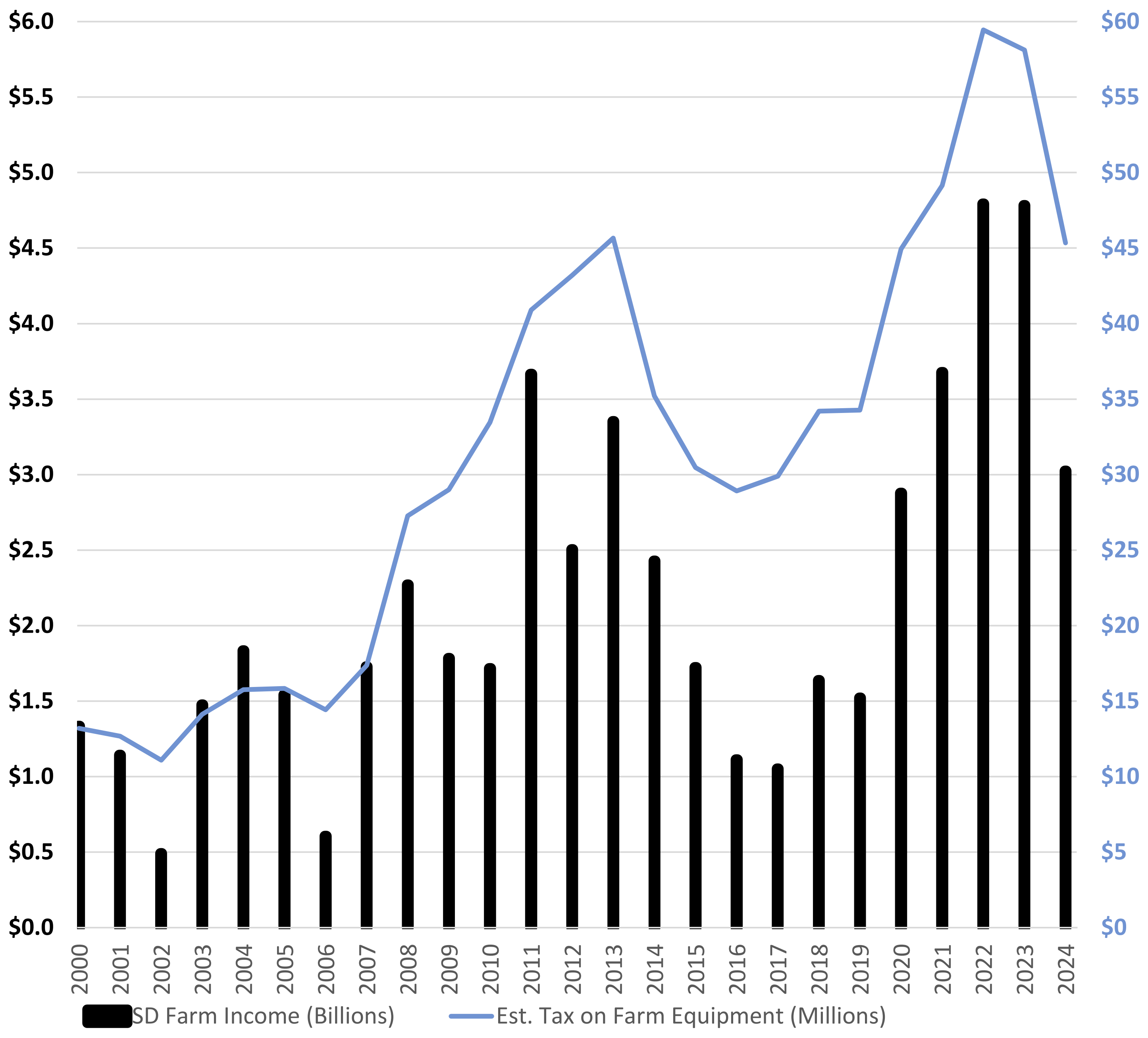
SD Farm Income



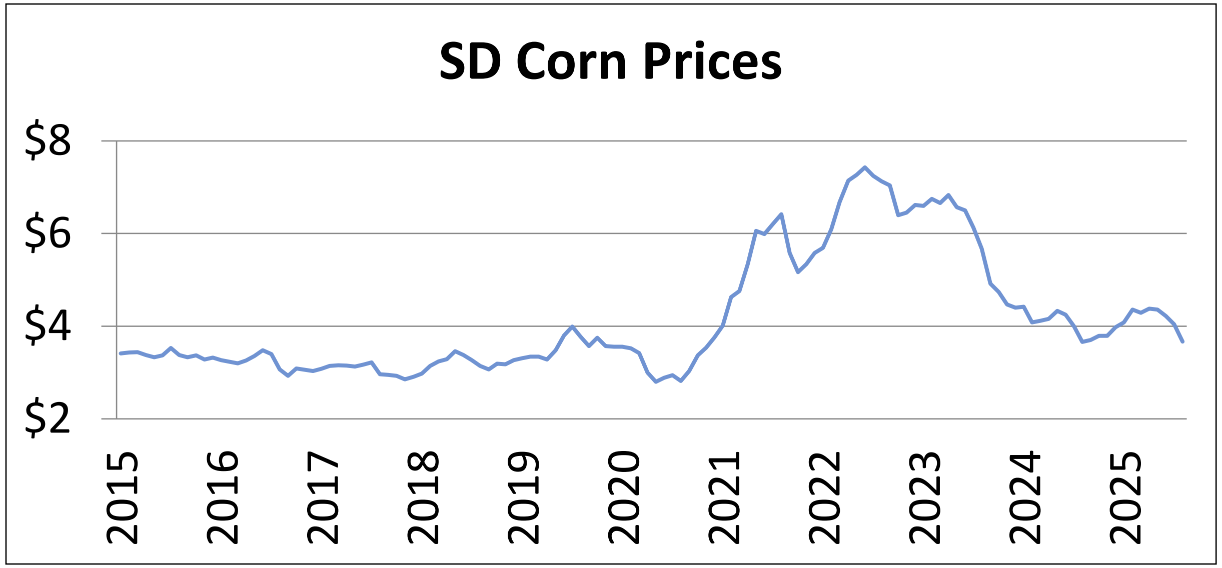
SD Farm Income vs. Sales Tax Collections

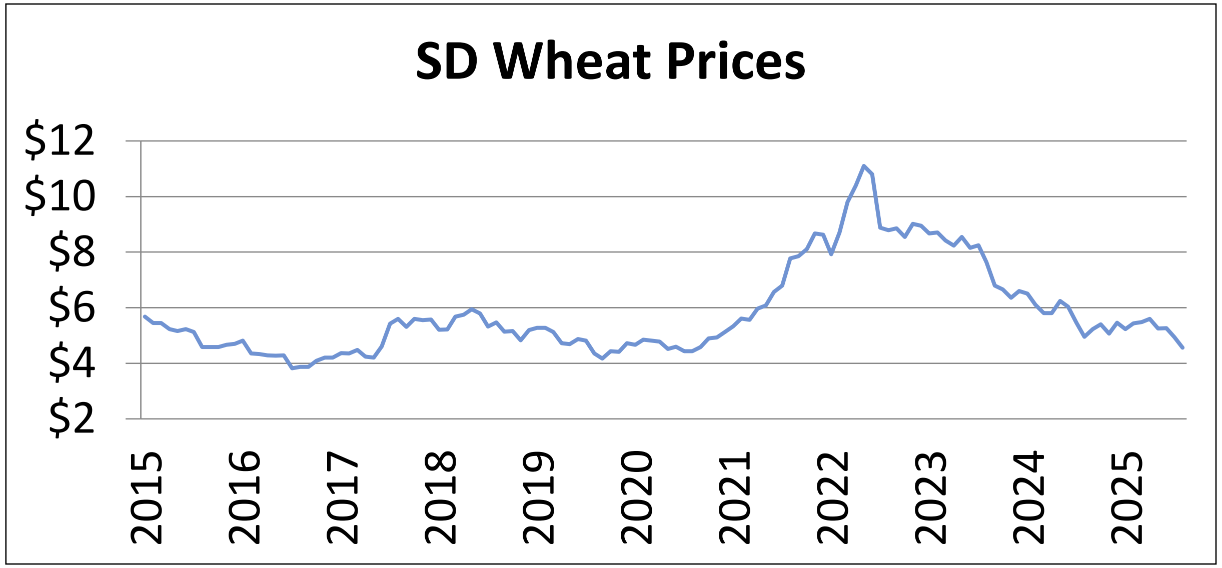


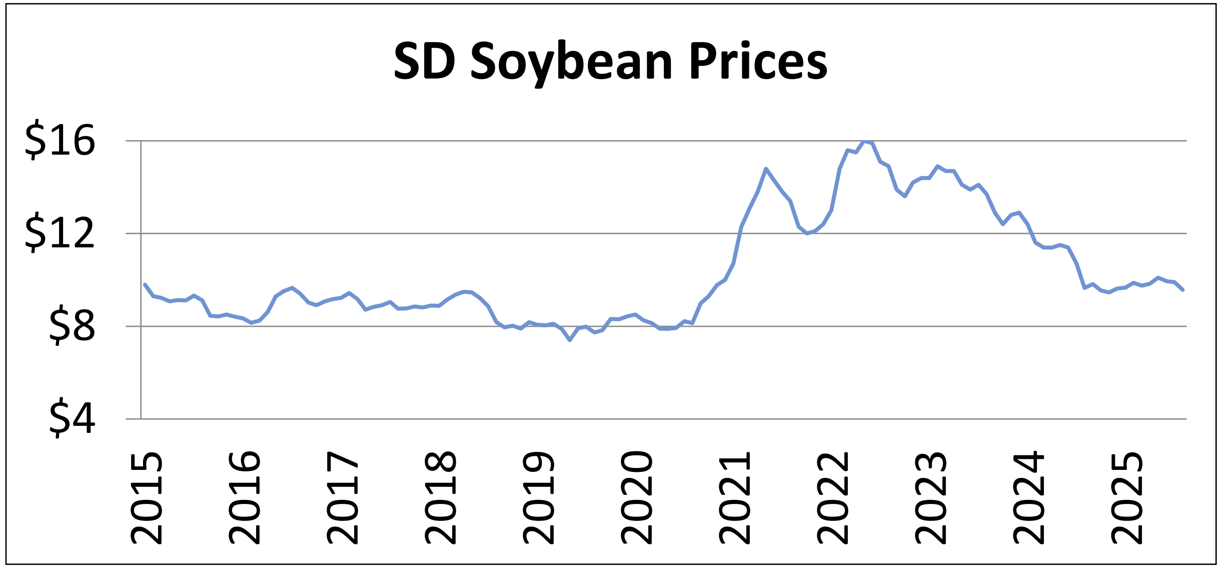
SD Farm Income & Spending on Equipment

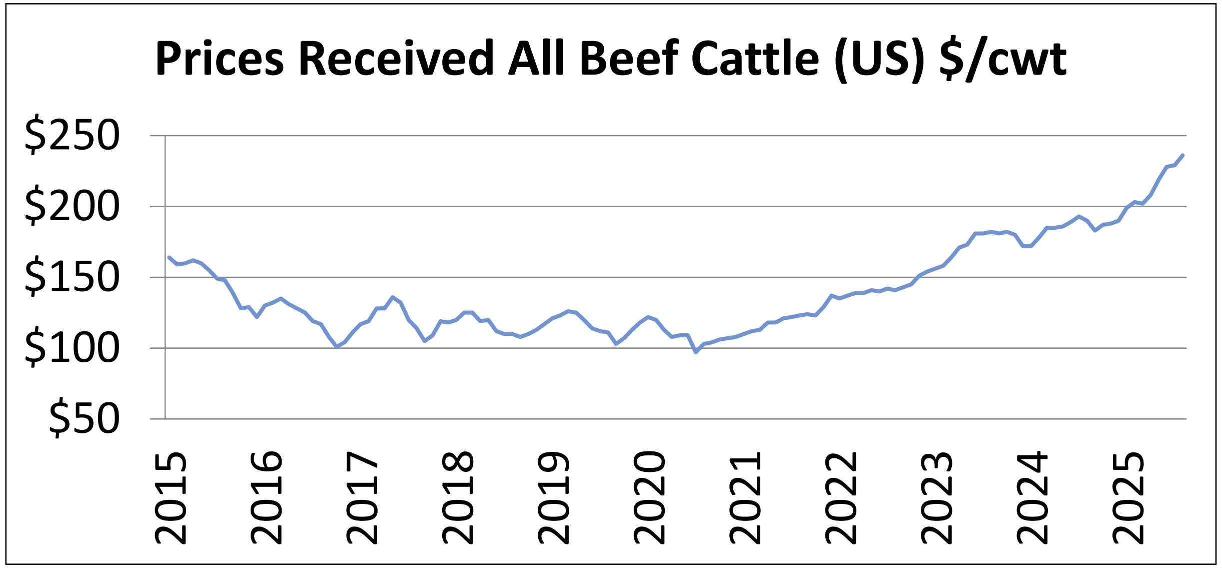


Agriculture Economy/Prices









South Dakota Crop Progress and Condition

For the week ending September 28, 2025:

- Corn Condition
  - 17% rated fair; 46% rated good; 29% rated excellent

- Soybean condition
  - 18% rated fair; 53% rated good; 21% rated excellent

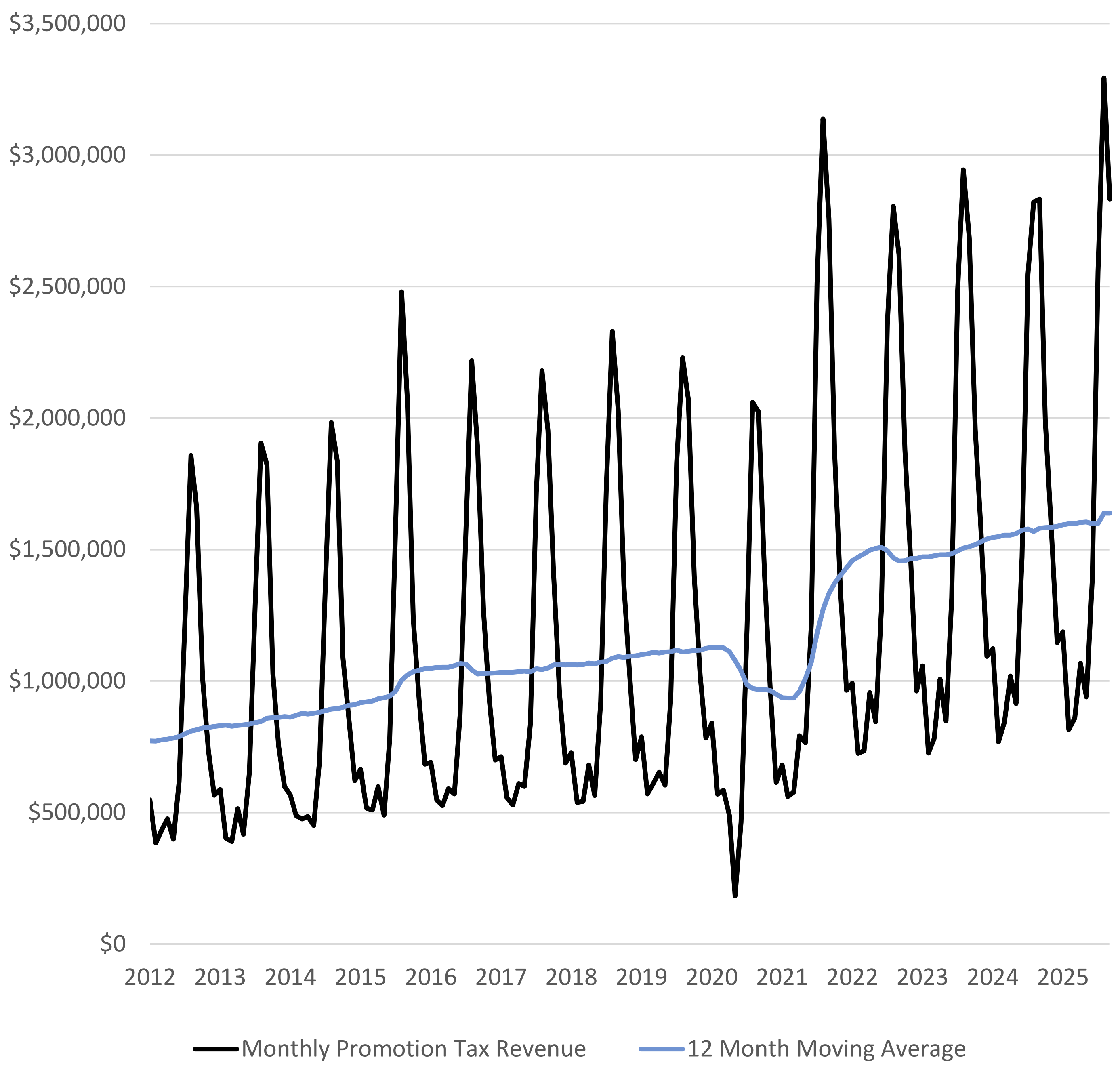
- Winter Wheat condition
  - 60% planted; 17% emerged

- Pasture and Range Conditions
  - 33% rated fair; 42% rated good or excellent

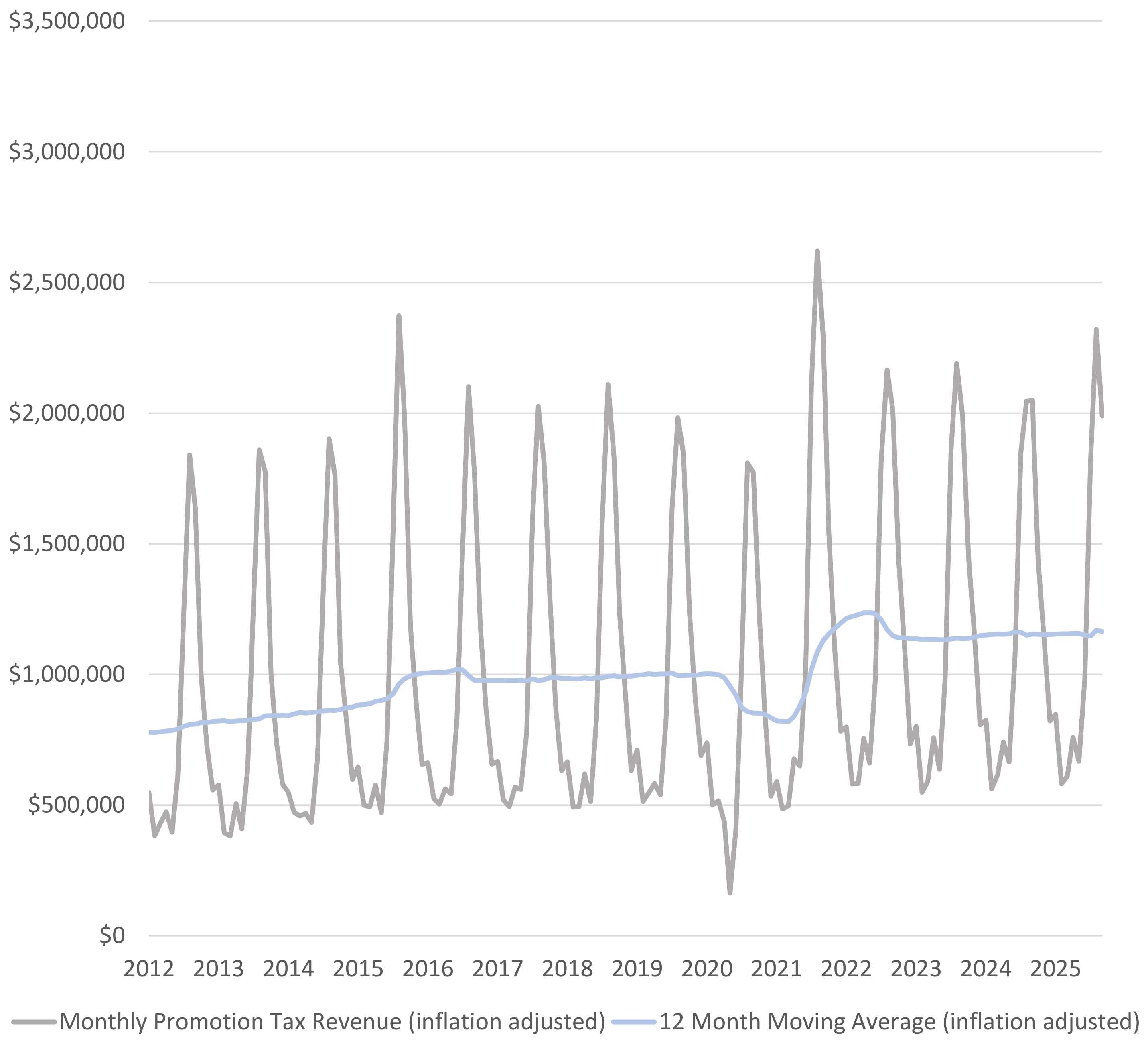
- Topsoil Moisture Supplies
  - 65% rated adequate; 12% rated surplus

- Subsoil Moisture Supplies
  - 64% rated adequate; 6% rated surplus

SD Tourism Promotion Tax Collections



SD Tourism Promotion Tax Collections (inflation adjusted)



S&P Global Forecast - SD

	2020	2021	2022	2023	2024	2025 f	2026 f	2027 f	'14-'24 avg.
Real GDP Growth	1.6%	5.0%	-1.4%	3.6%	0.8%	0.9%⬆	3.0%⬆	2.4%⬆	*1.6%*
Nonfarm Employment	-3.2%	3.4%	2.8%	2.0%	1.3%	0.9%⬇	0.5%⬇	0.5%⬇	*1.1%*
Personal Income	10.2%	13.8%	5.4%	7.3%	2.8%	5.8%⬆	4.6%⬇	5.7%⬇	*5.8%*
Housing Starts	6,029	7,646	7,464	5,989	5,518	5,570⬆	5,198⬇	4,869⬇	*5,545*
Unemployment Rate	4.1%	2.5%	1.9%	1.8%	1.8%	1.9%⬌	2.3%⬆	2.5%⬌	*2.7%*

General Fund Revenue

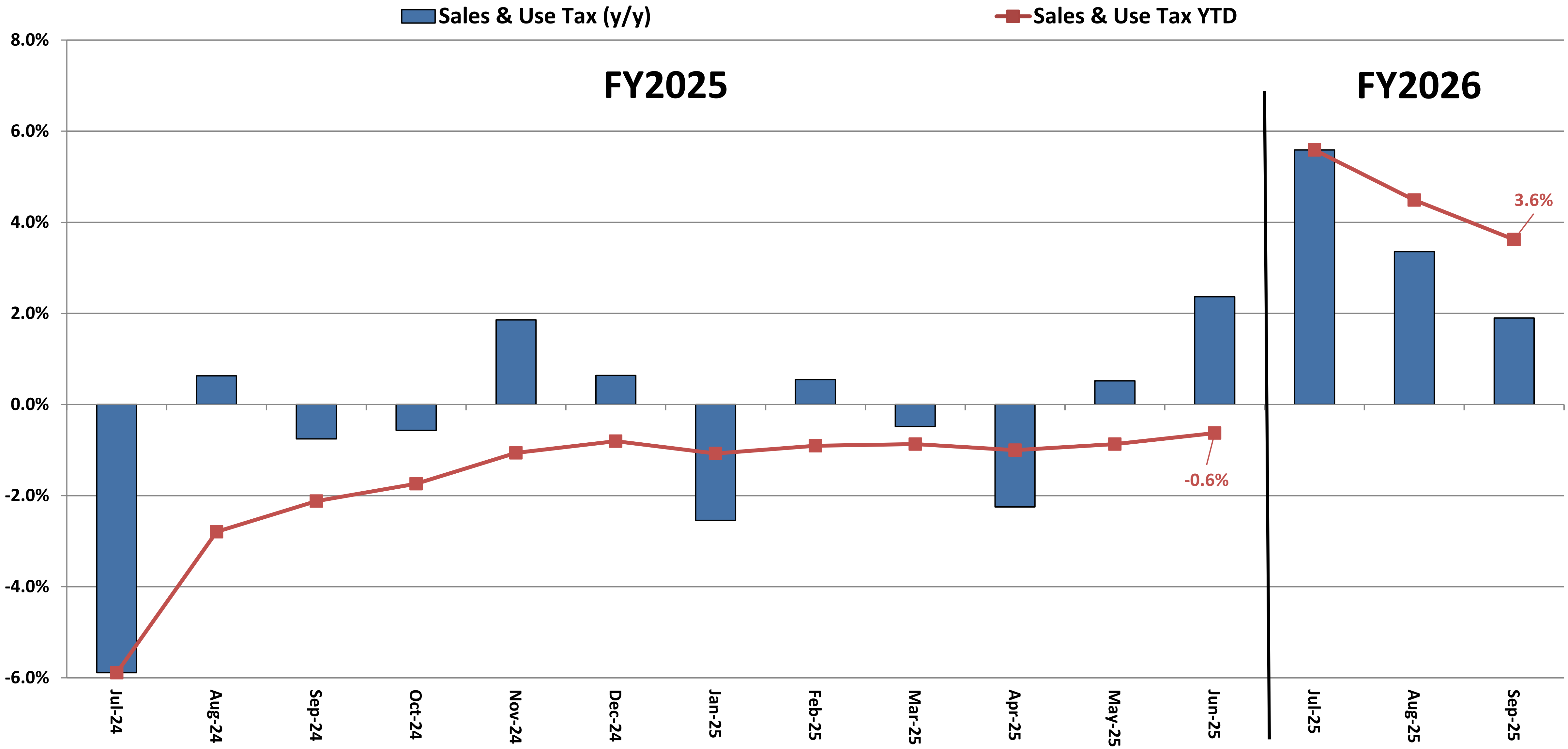
General Fund Receipts

Legislative Adopted FY2026 vs. FY2026 Actuals

Legislative Adopted FY2026 Estimate (Feb. 2025) vs. Actual Revenues
Year-to-Date Through SEPTEMBER FY2026 Comparison

	Leg. Adopted SEPTEMBER YTD FY2026	Actual SEPTEMBER YTD FY2026	DOLLAR CHANGE	YTD % Chg. Actual/Adopt Comparison
ONGOING RECEIPTS				
Net Sales and Use Tax (excl. cost of admin)	406,223,503	400,134,379	(6,089,124)	-1.5%
Lottery	41,777,924	41,095,830	(682,095)	-1.6%
Net Contractor's Excise Tax	63,167,388	60,539,071	(2,628,316)	-4.2%
Insurance Company Tax	31,436,646	31,281,317	(155,329)	-0.5%
Unclaimed Property Receipts	-	-	0	N/A
Licenses, Permits, and Fees	2,015,699	483,757	(1,531,943)	-76.0%
Tobacco Taxes	12,486,314	12,056,825	(429,489)	-3.4%
Trust Funds	37,300,000	37,307,402	7,402	0.0%
Net Transfers In (excluding one-time)	11,591,907	11,013,321	(578,586)	-5.0%
Alcohol Beverage Tax	32,560	24,386	(8,174)	-25.1%
Bank Franchise Tax	1,838,460	4,139,187	2,300,727	125.1%
Charges for Goods and Services	2,906,018	3,040,998	134,980	4.6%
Telecommunications Tax	355,092	524,004	168,912	47.6%
Severance Taxes	3,409,349	5,033,995	1,624,646	47.7%
Investment Income and Interest	81,255,917	71,784,943	(9,470,974)	-11.7%
Alcohol Beverage 2% Wholesale Tax	806,269	785,764	(20,505)	-2.5%
SUBTOTAL (ONGOING RECEIPTS)	$ 696,603,045	679,245,177	$ (17,357,868)	-2.5%
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	-	2,795	2,795	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	$ 0	$ 2,795	$ 2,795	N/A
GRAND TOTAL	**$ 696,603,045**	**$ 679,247,972**	**$ (17,355,073)**	-2.5%

Sales & Use Tax Growth



Council Discussion

S&P Global Forecast - US

	2020	2021	2022	2023	2024	2025 f	2026 f	2027 f	‘14-’24 avg.
Real GDP Growth	-2.1%	6.2%	2.5%	2.9%	2.8%	2.0%↑	2.2%↓	1.8%↑	*2.5%*
Nonfarm Employment	-5.8%	2.9%	4.3%	2.2%	1.3%	0.9%↓	0.6%↑	0.5%↑	*1.4%*
Personal Income	6.9%	9.5%	3.0%	6.5%	5.6%	5.0%↑	5.4%↓	5.5%↑	*5.3%*
Unemployment Rate	8.1%	5.4%	3.6%	3.6%	4.0%	4.2%↔	4.5%↔	4.5%↔	*4.8%*
CPI-U	1.3%	4.7%	8.0%	4.1%	3.0%	2.8%↔	2.9%↑	2.5%↔	*2.8%*

S&P Global Forecast - SD

	2020	2021	2022	2023	2024	2025 f	2026 f	2027 f	'14-'24 avg.
Real GDP Growth	1.6%	5.0%	-1.4%	3.6%	0.8%	0.9%↑	3.0%↑	2.4%↑	*1.6%*
Nonfarm Employment	-3.2%	3.4%	2.8%	2.0%	1.3%	0.9%↓	0.5%↓	0.5%↓	*1.1%*
Personal Income	10.2%	13.8%	5.4%	7.3%	2.8%	5.8%↑	4.6%↓	5.7%↓	*5.8%*
Housing Starts	6,029	7,646	7,464	5,989	5,518	5,570↑	5,198↓	4,869↓	*5,545*
Unemployment Rate	4.1%	2.5%	1.9%	1.8%	1.8%	1.9%↔	2.3%↑	2.5%↔	*2.7%*

Other Discussion Items

- Next Meeting Date – late January/early February
- Other Comments
- Public Comments