

Governor's Council of Economic Advisors



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February 1, 2023

Outline of Presentation

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

US & SD Economy

Real GDP

Consumer

Employment

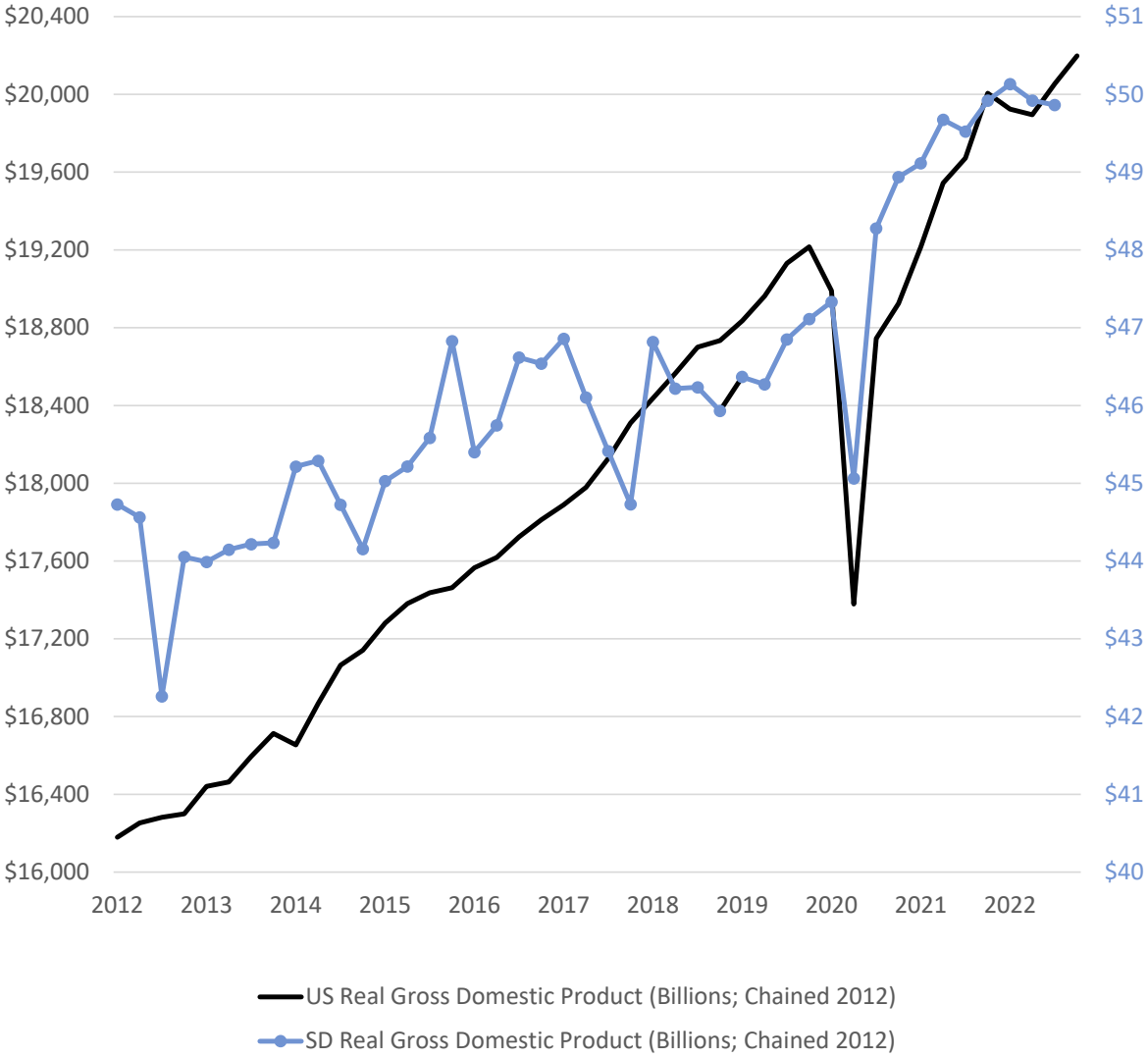
Housing

Personal Income

Tourism

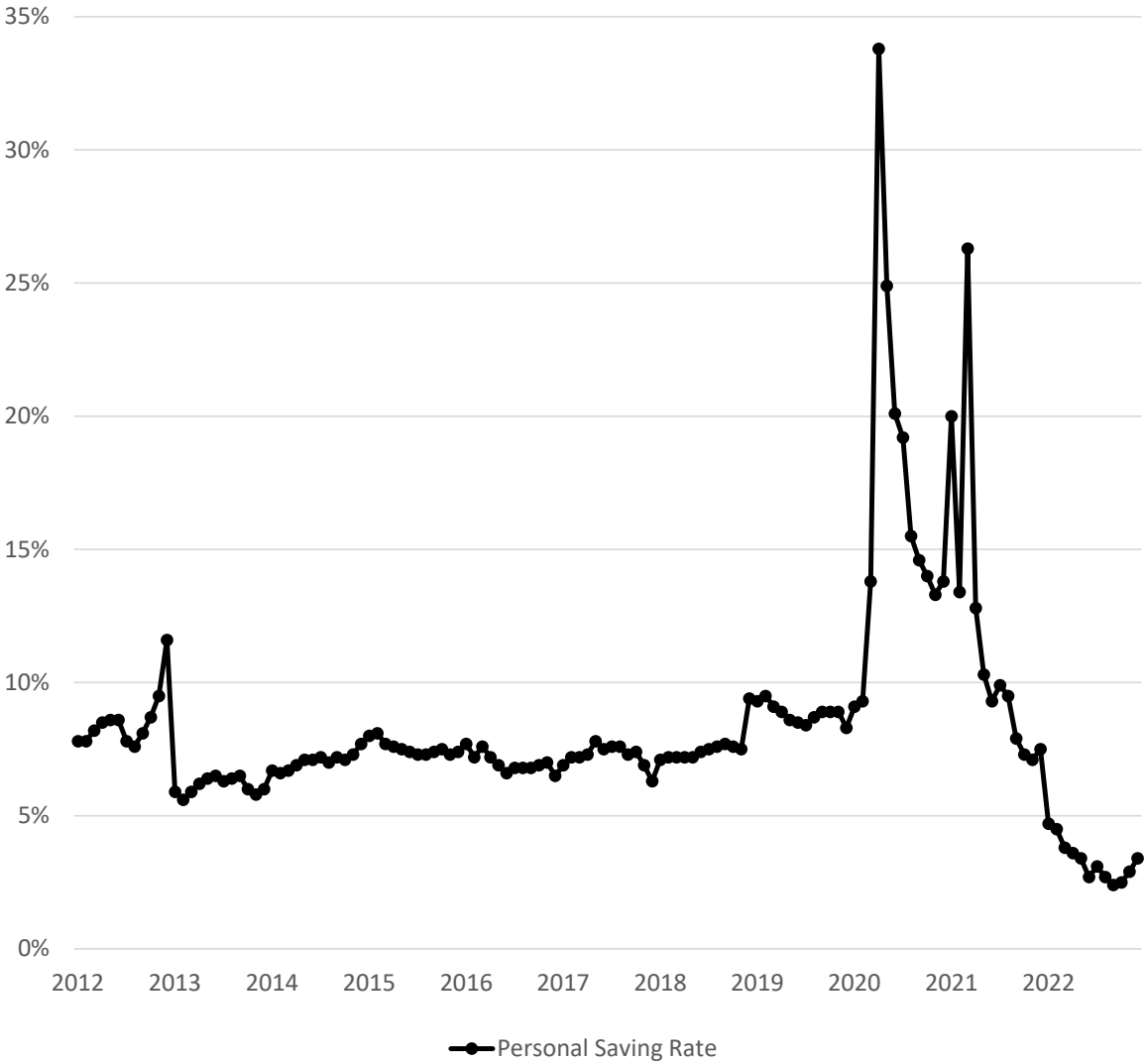


Real Gross Domestic Product



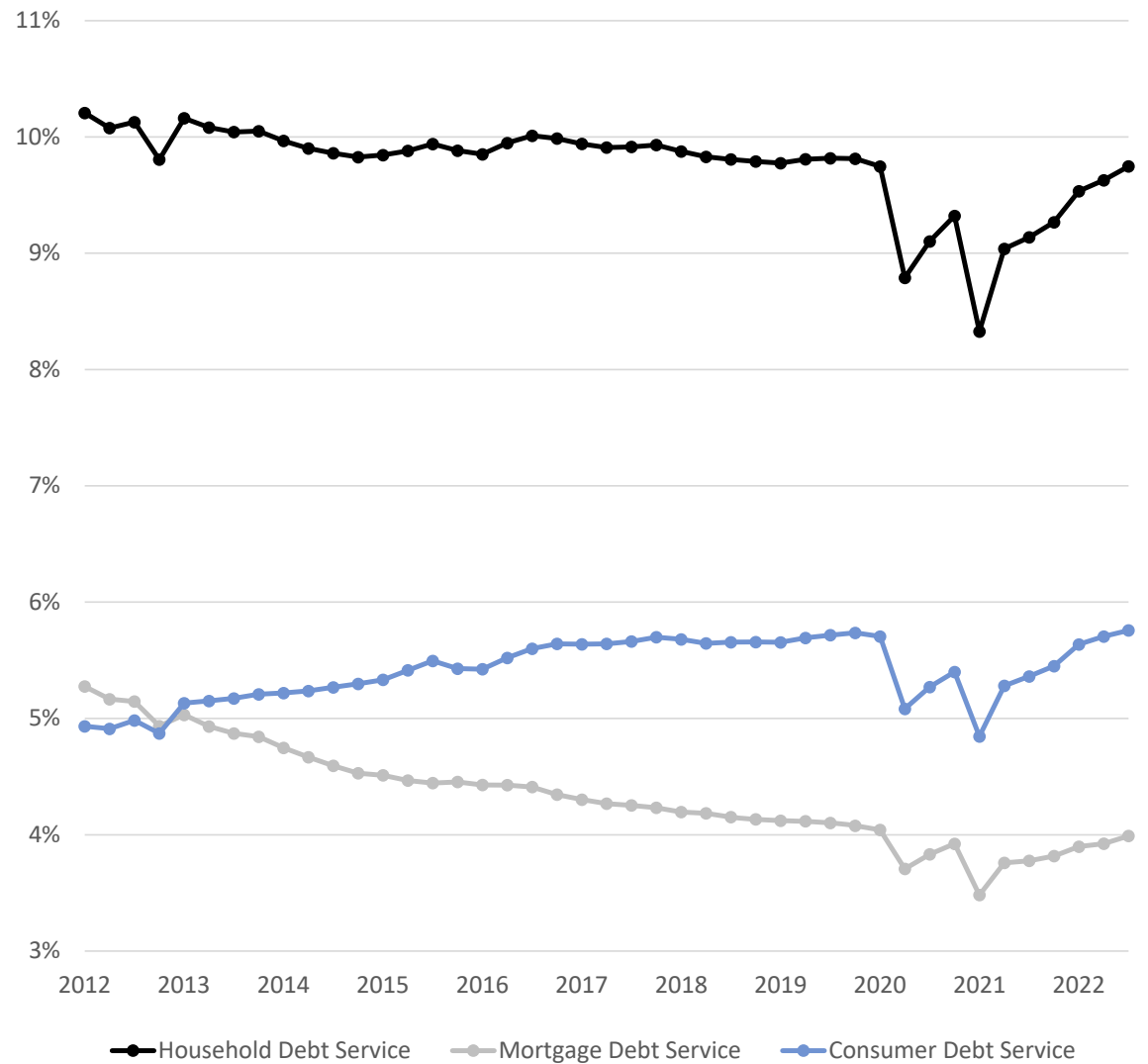


US Personal Saving Rate



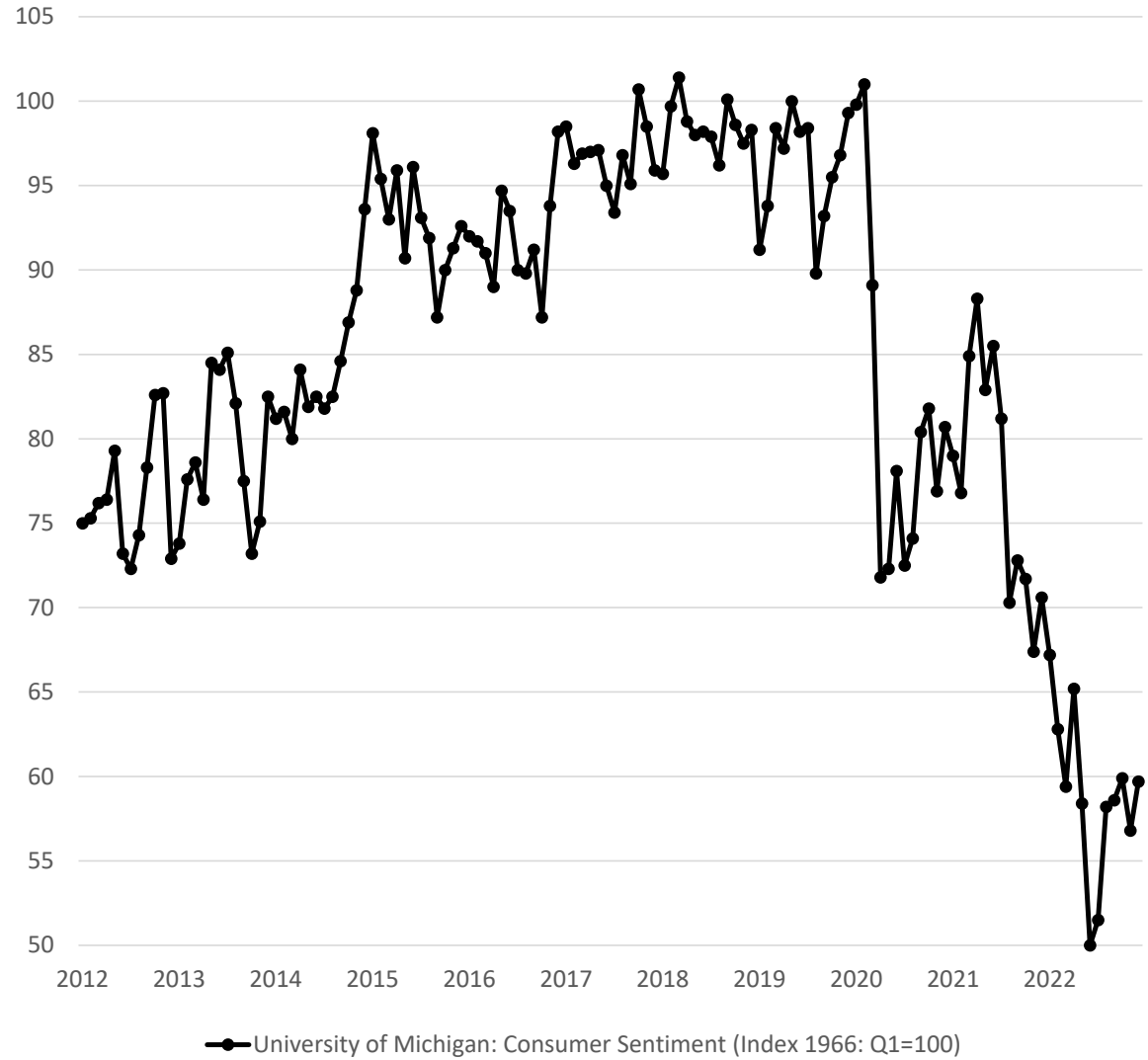


US Household Debt Service Ratio



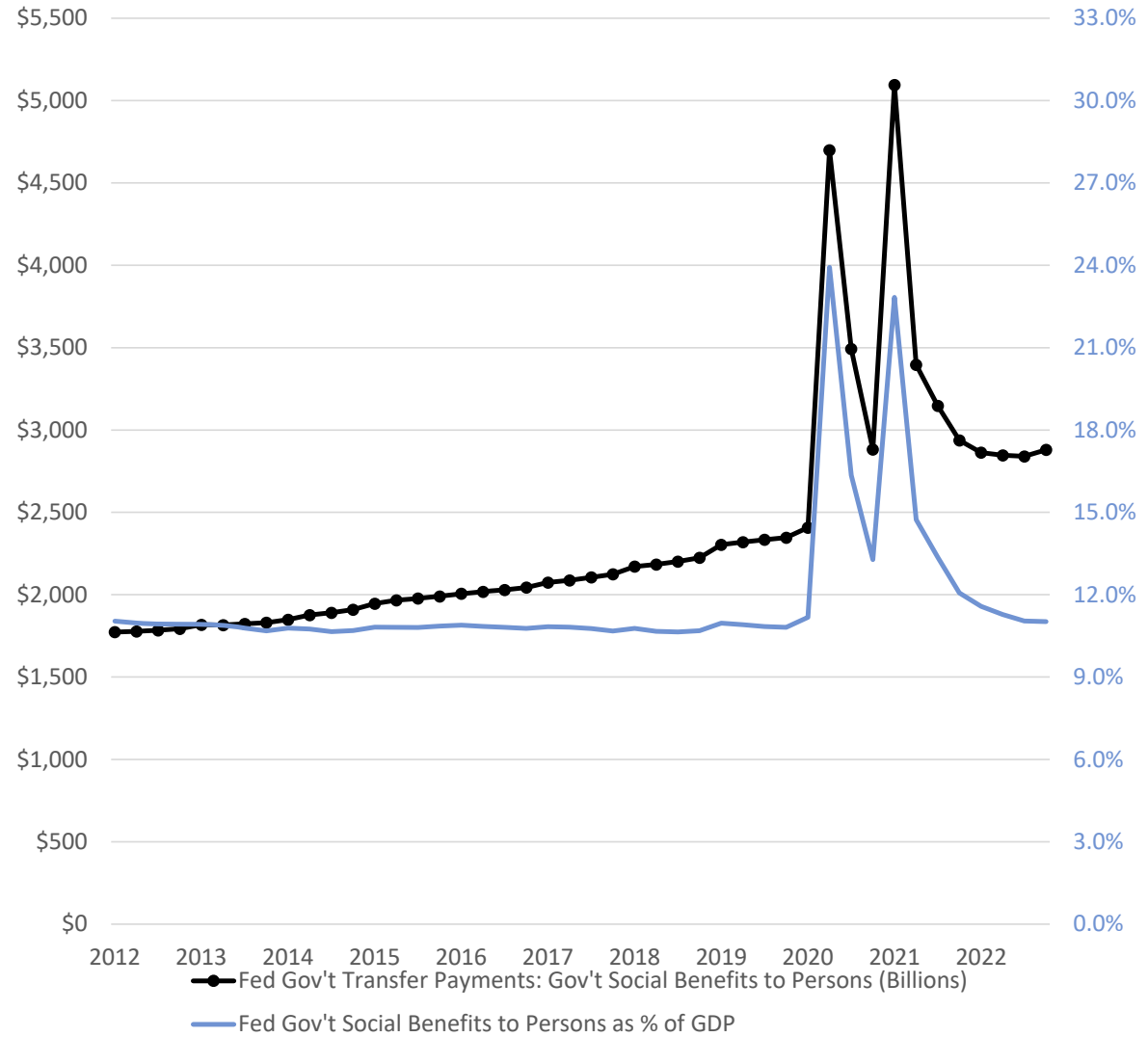


US Consumer Sentiment



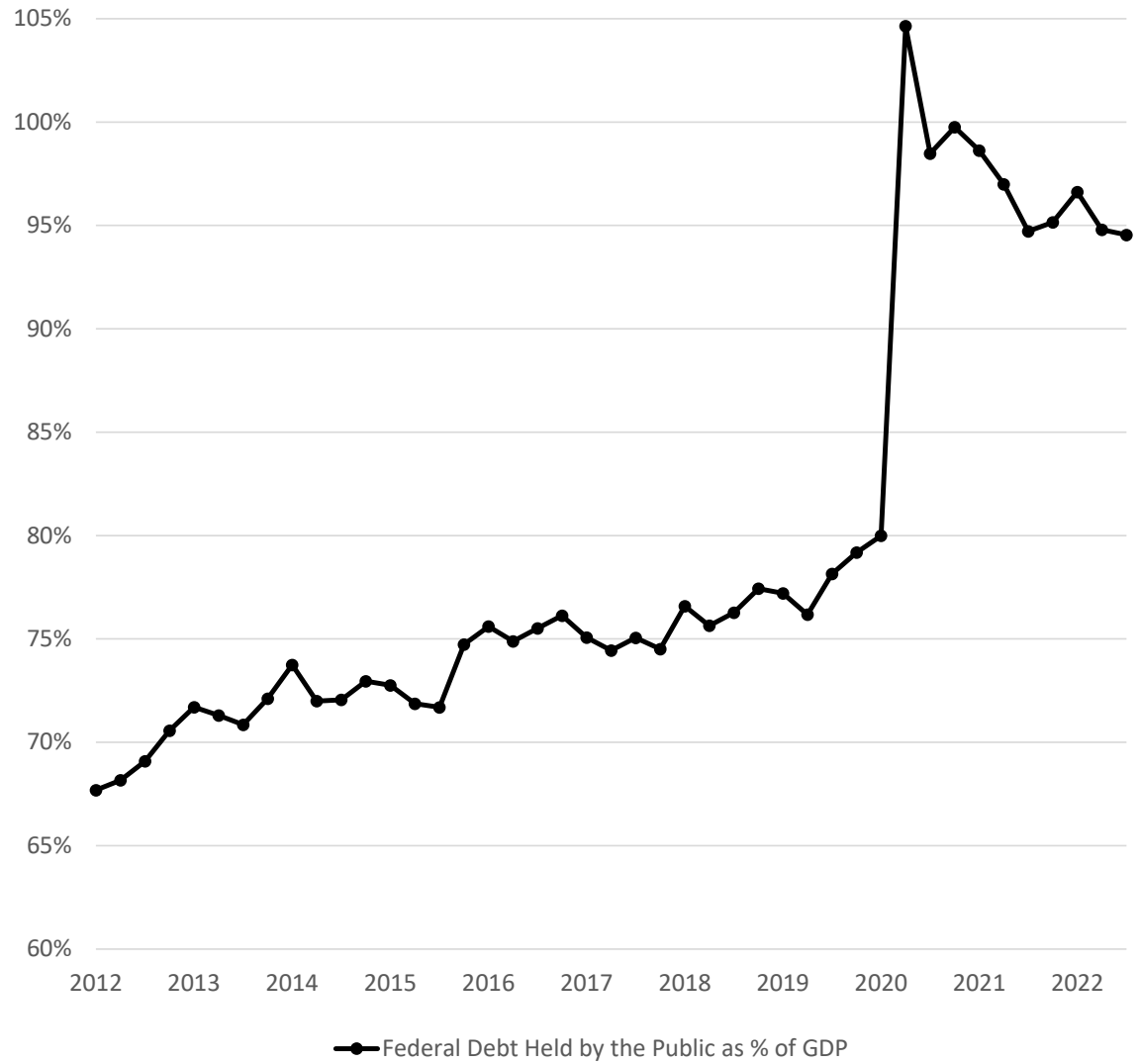


Government Sector



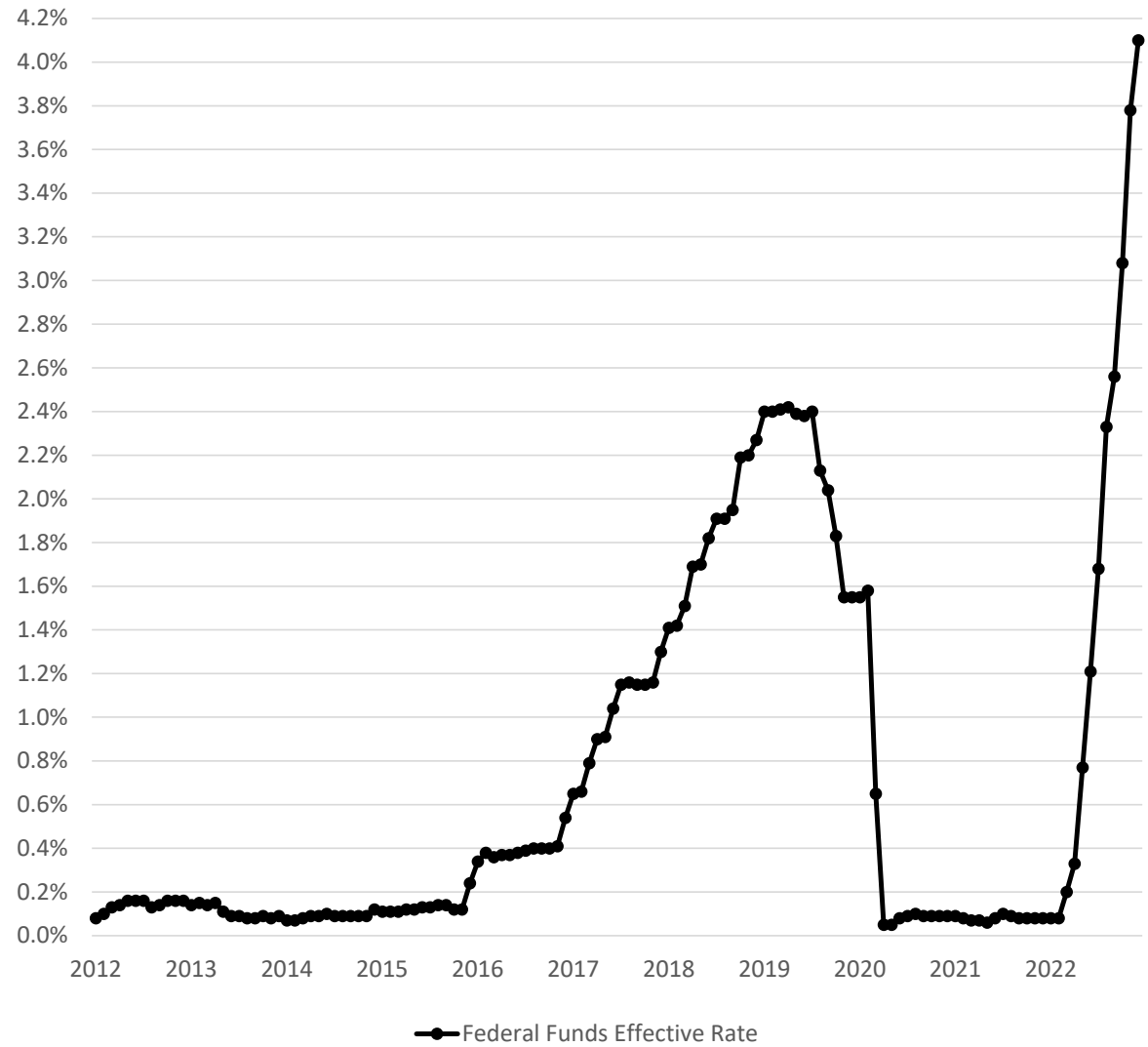


Debt Held by Public



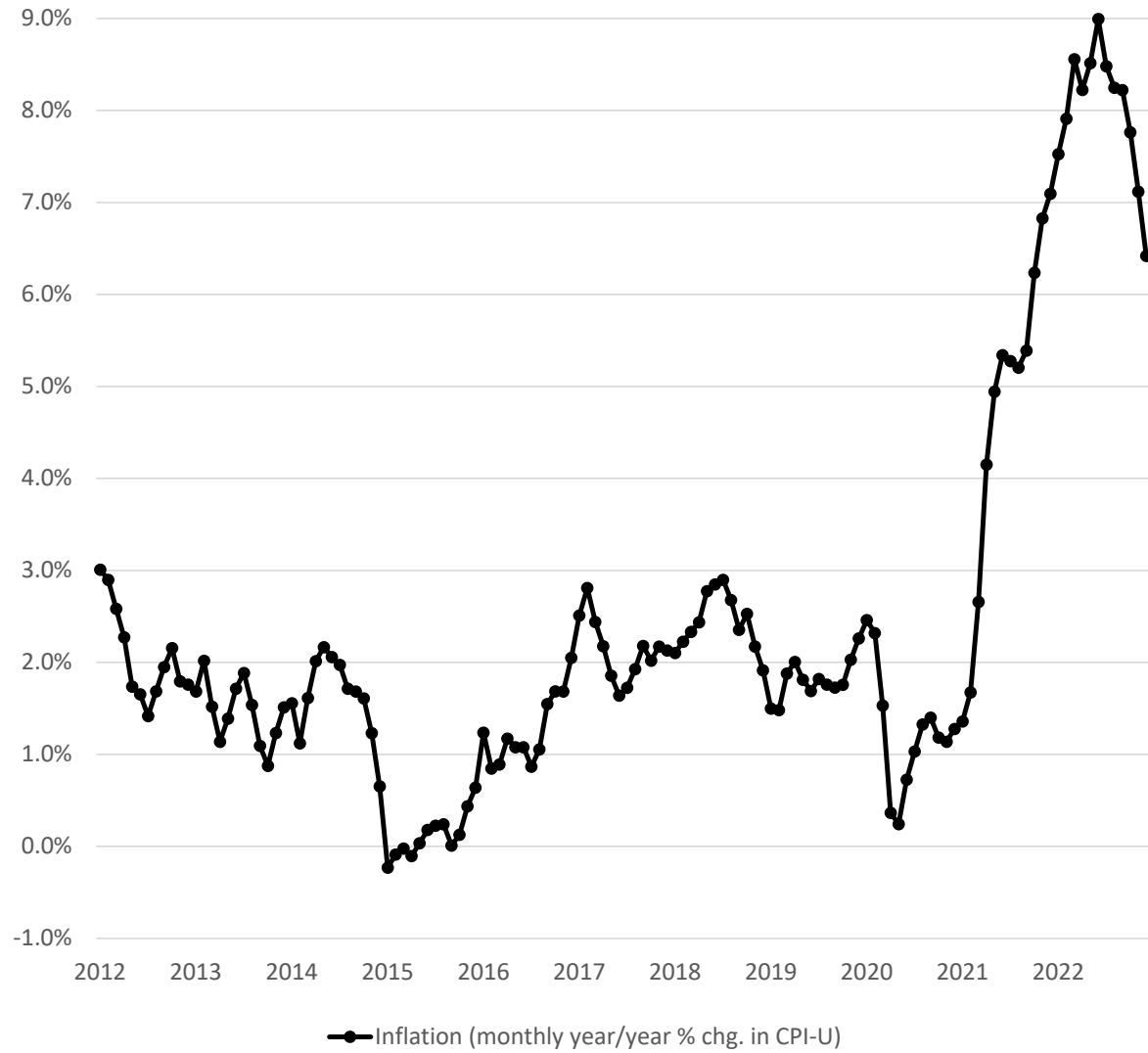


Interest Rates



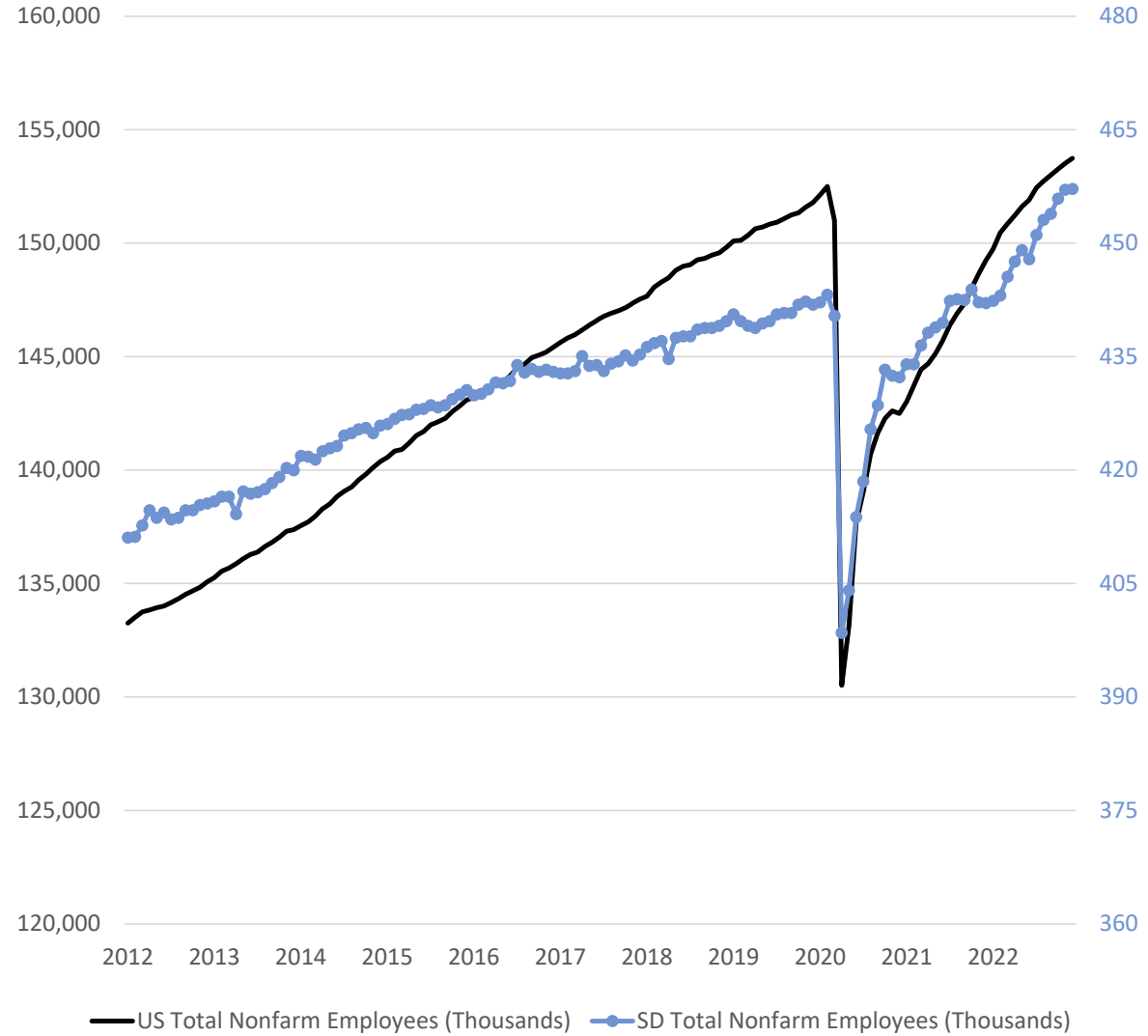


Inflation: CPI



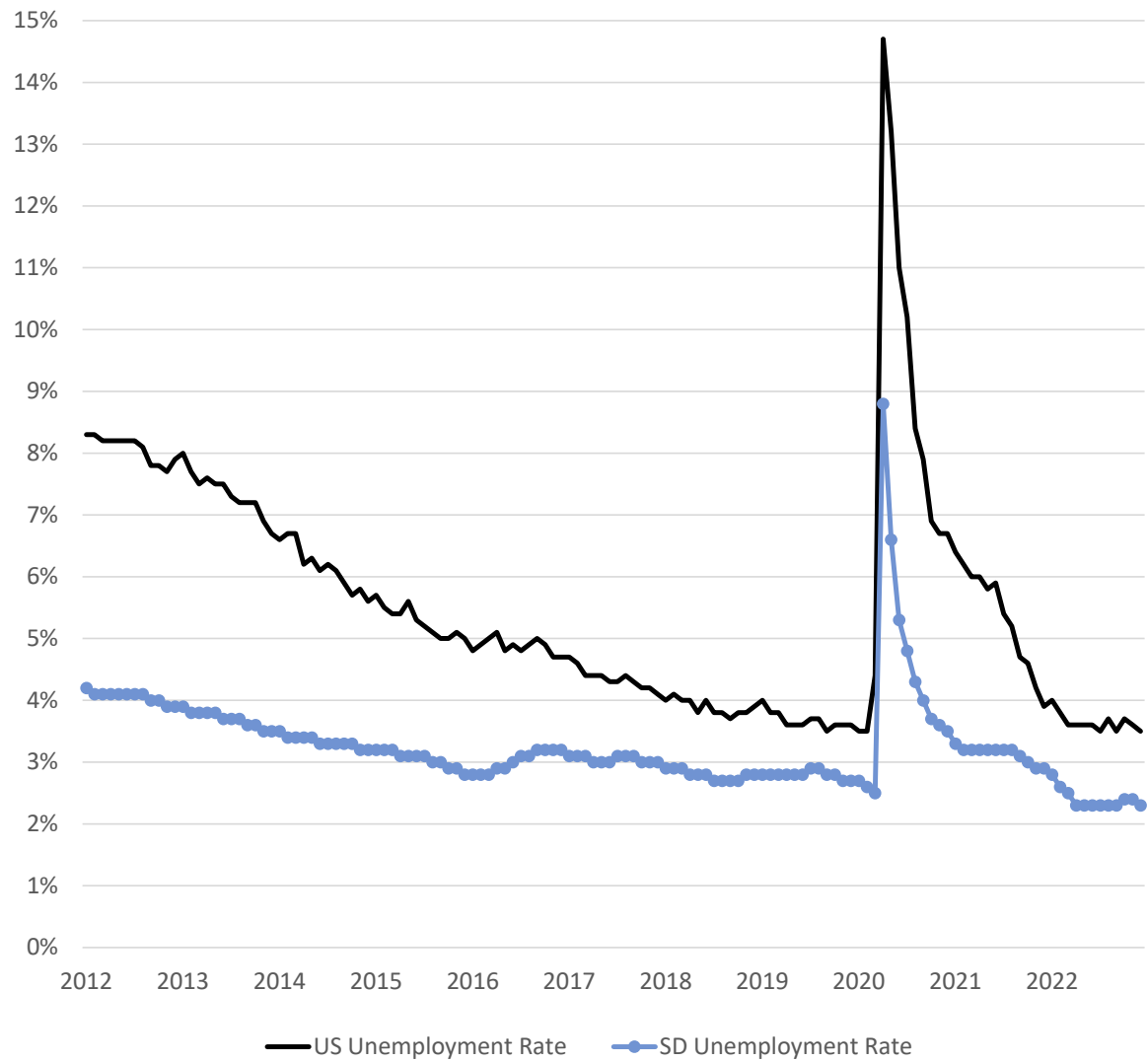


Employment Growth



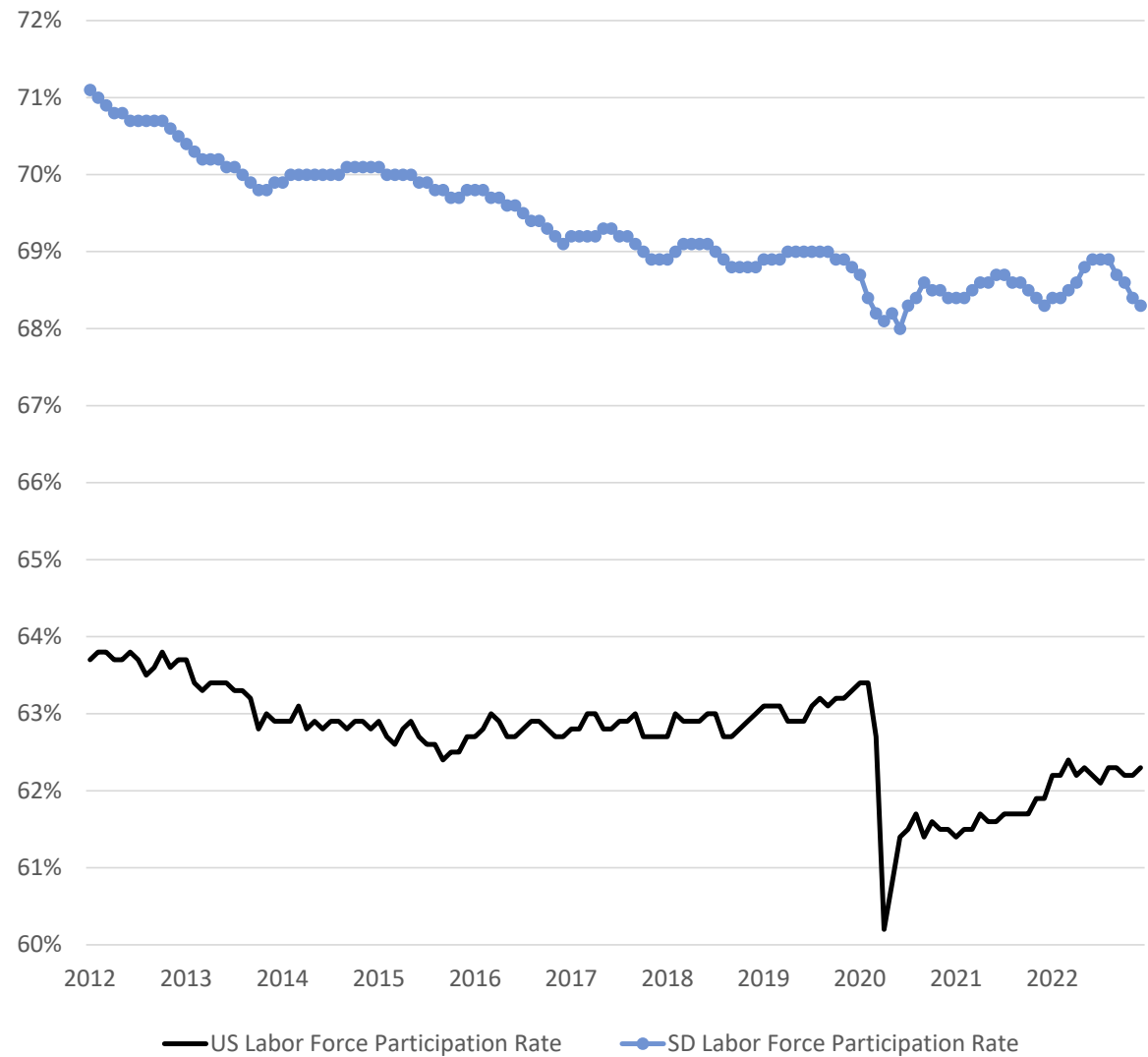


Unemployment Rate



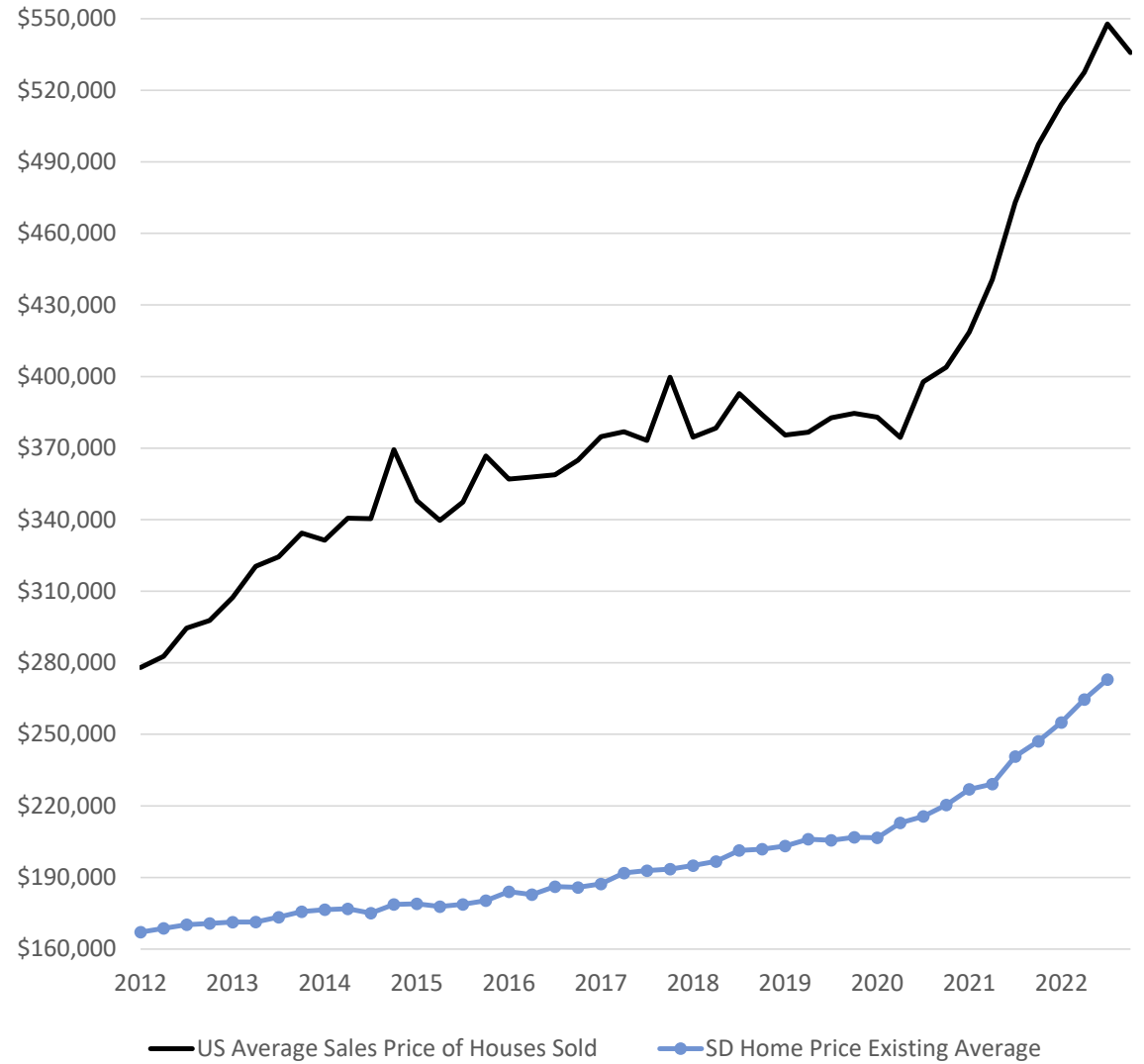


Labor Force Participation Rate



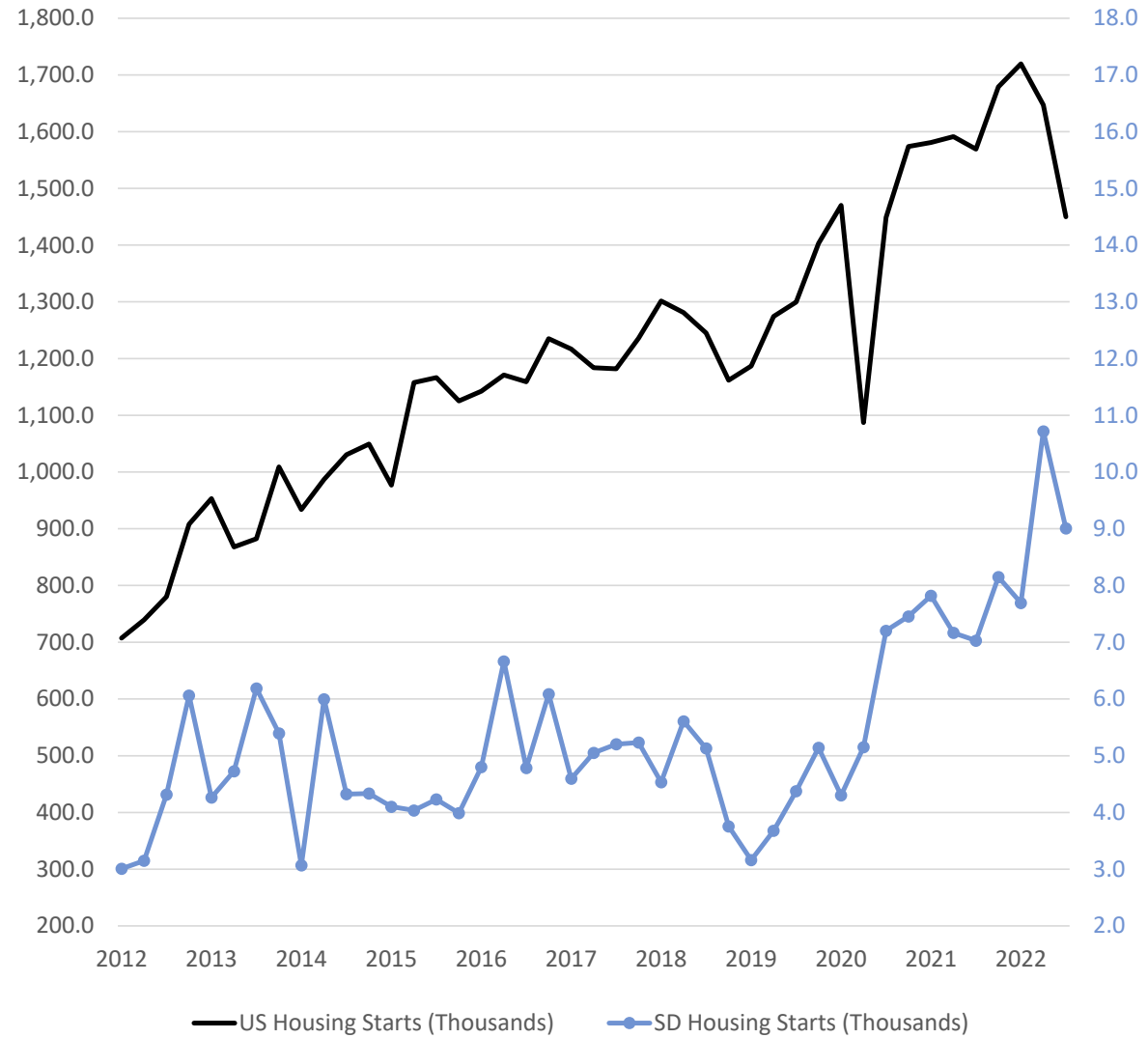


Home Price



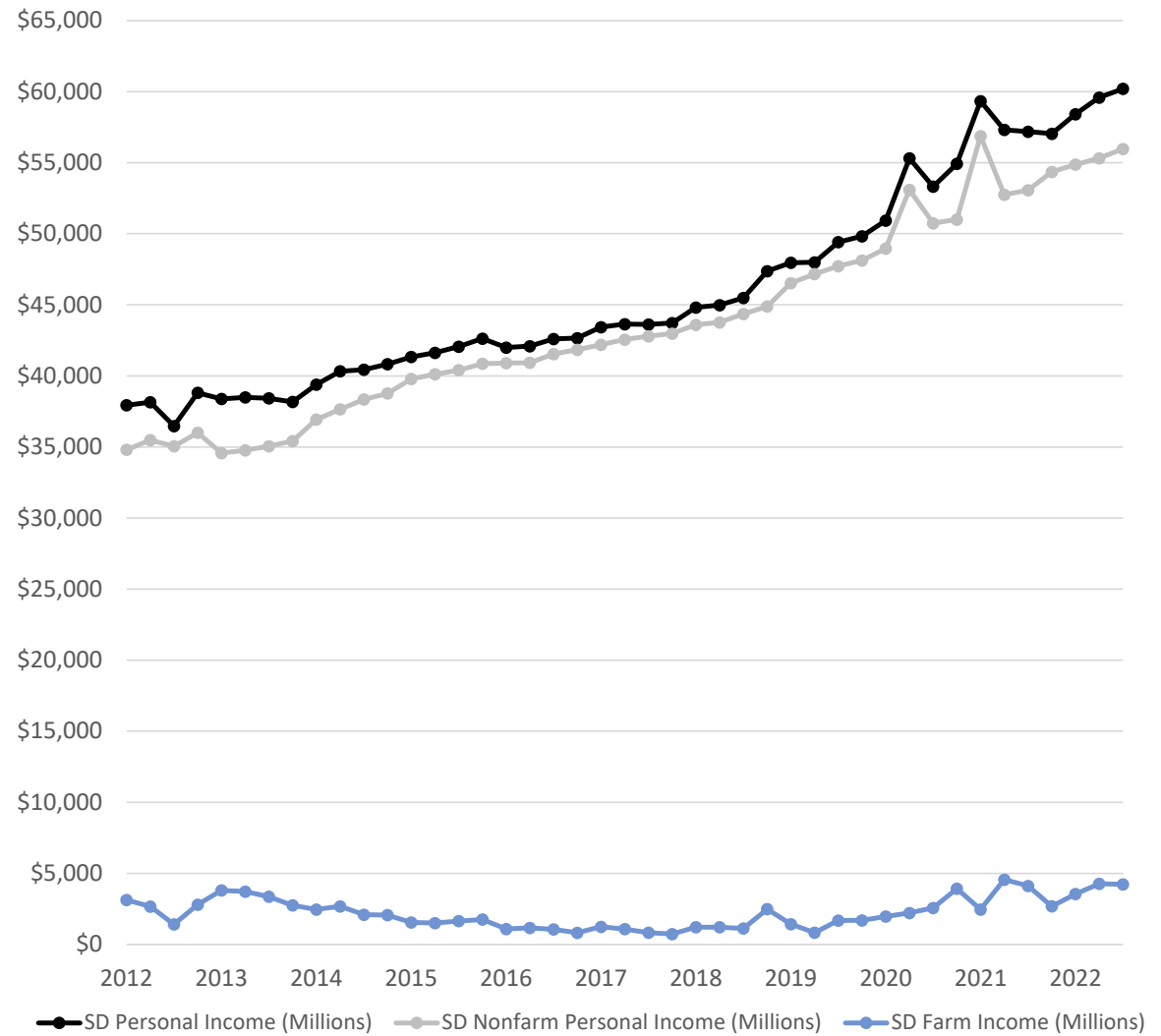


Housing Starts



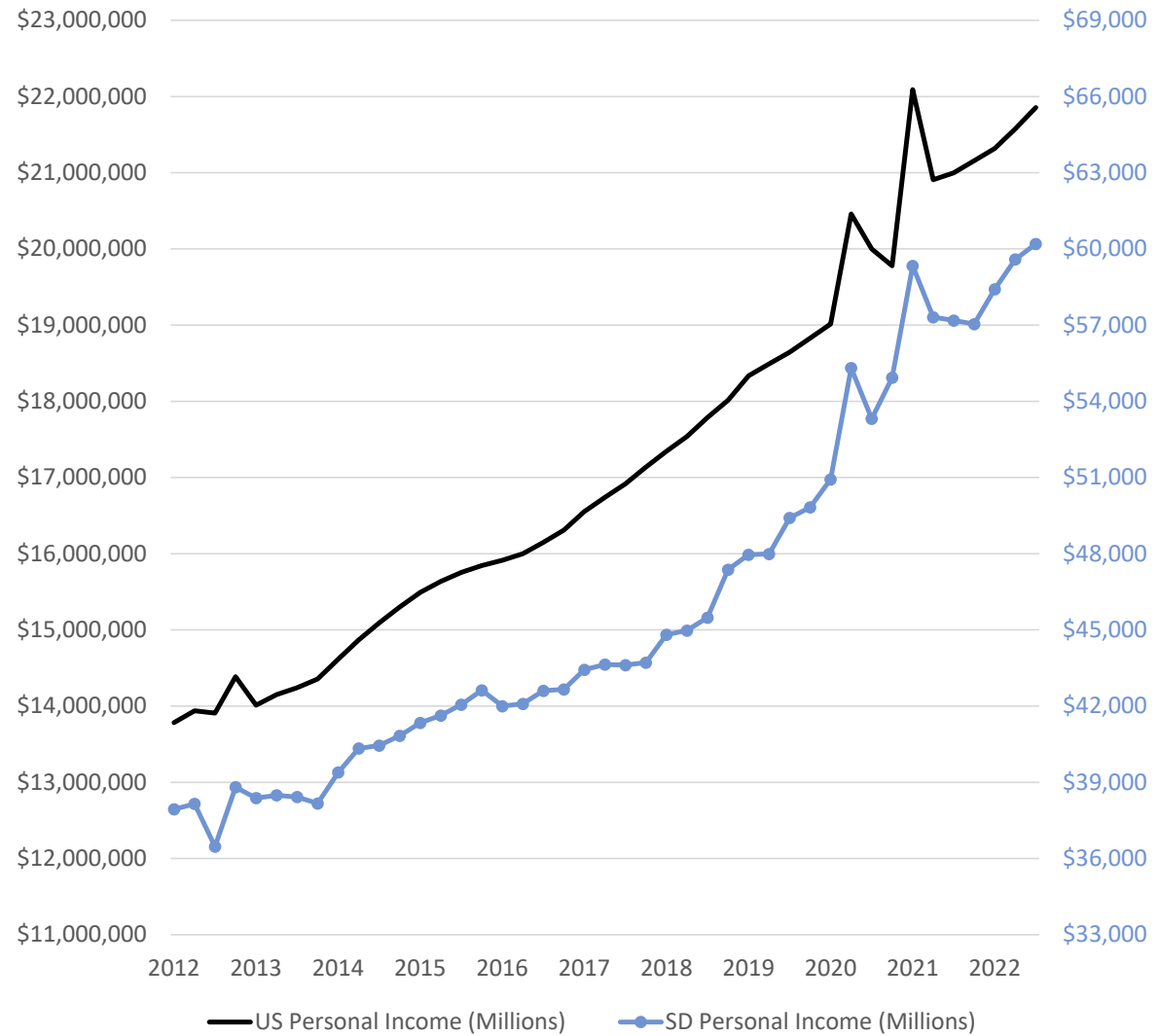


Personal Income



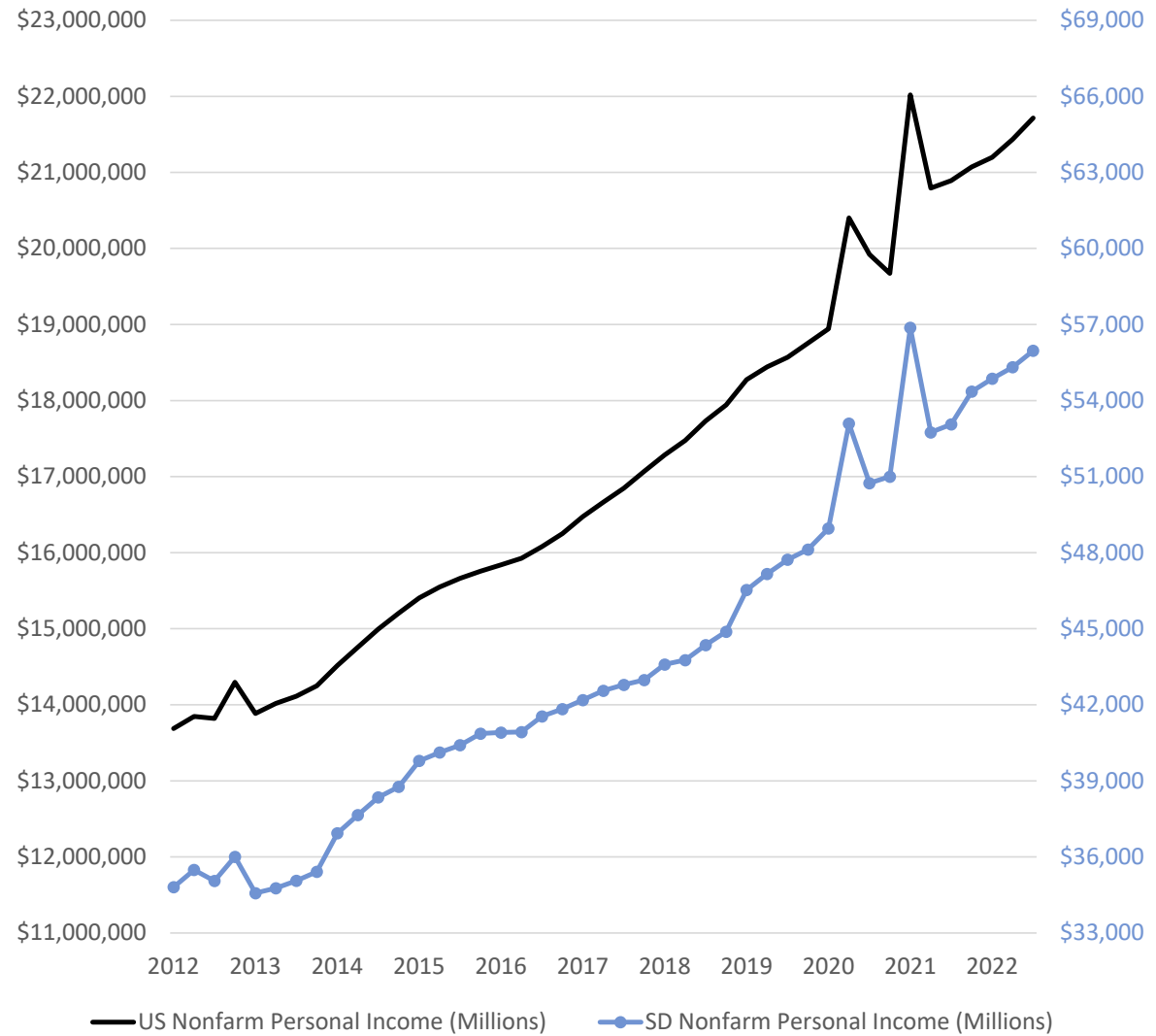


Personal Income



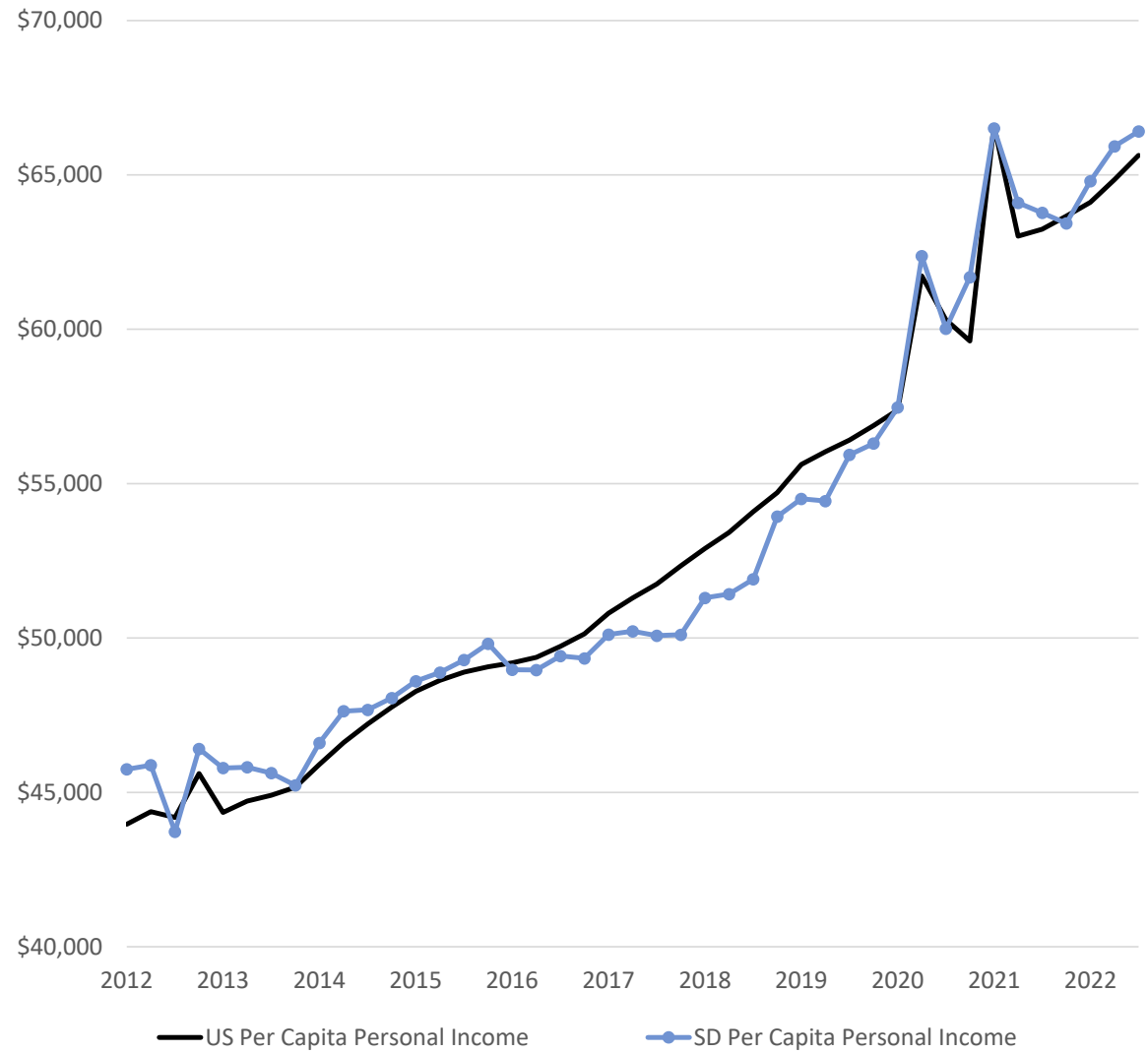


Nonfarm Personal Income



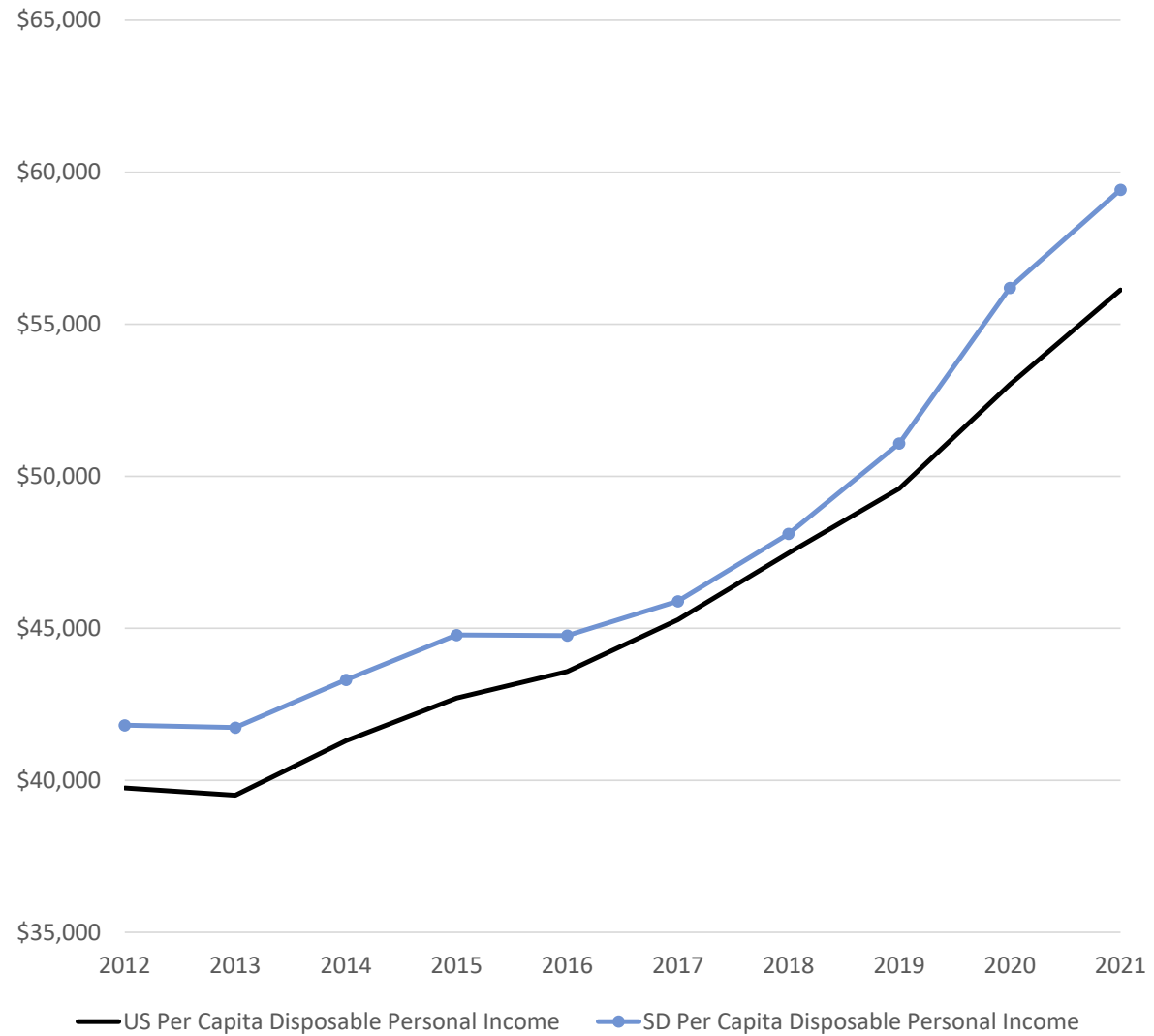


Per Capita Personal Income



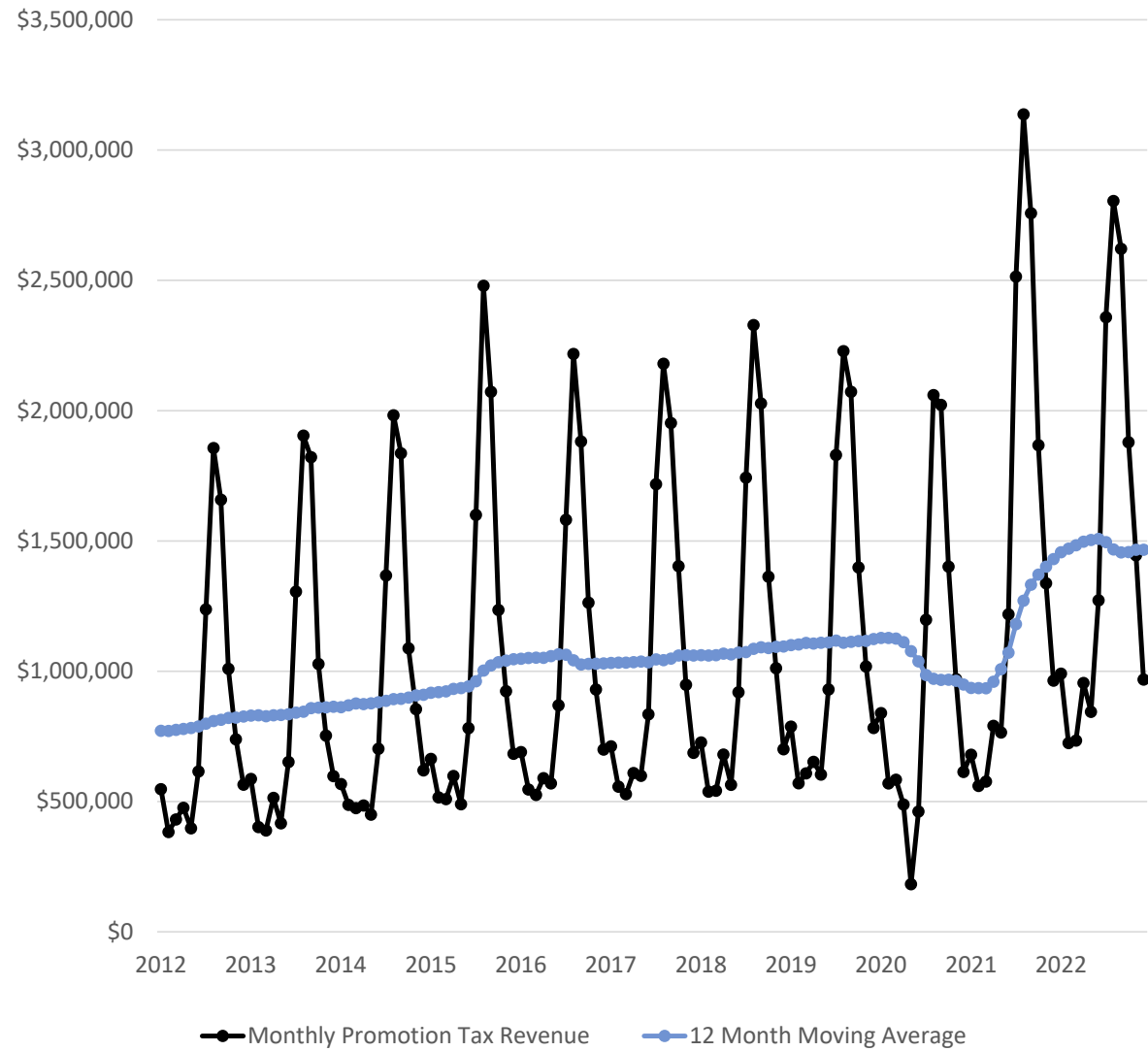


Per Capita Disposable Personal Income





SD Tourism Promotion Tax Collections



Forecast Highlights

- Forecast still includes mild US recession.
- Real GDP still positive for the calendar year at 0.5%.
- Real personal consumption expenditures continue to grow modestly at 1.5% in 2023 and 1.2% in 2024.
- Federal Open Market Committee raises policy rate to 4.75%-5.00% by March.
- CPI forecast to rise 3.9% in 2023 and 2.2% in 2024.

IHS Markit Forecast - US

	2017	2018	2019	2020	2021	2022 f	2023 f	2024 f	'11-'21 avg.
Real GDP Growth	2.2%	2.9%	2.3%	-2.8%	5.9%	2.0%	0.5%	1.8%	2.1%
Nonfarm Employment	1.6%	1.6%	1.3%	-5.8%	2.8%	4.1%	0.7%	-0.2%	1.1%
Personal Income	4.6%	5.0%	5.1%	6.7%	7.4%	2.1%	4.3%	4.7%	4.9%
Unemployment Rate	4.4%	3.9%	3.7%	8.1%	5.4%	3.7%	4.6%	4.8%	6.0%
CPI-U	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	3.9%	2.2%	2.0%

IHS Markit Alternate Scenarios - US

	Optimistic Scenario (20% probability)			Pessimistic Scenario (25% probability)			
	2022 f	2023 f	2024 f	2022 f	2023 f	2024 f	'11-'21 avg.
Real GDP Growth	2.1%	1.4%	1.9%	2.0%	-0.2%	1.2%	2.1%
Nonfarm Employment	4.1%	0.9%	-0.2%	4.1%	-0.8%	-1.4%	1.1%
Personal Income	2.1%	5.1%	5.1%	2.1%	3.5%	3.6%	4.9%
Unemployment Rate	3.7%	4.3%	4.6%	3.7%	5.8%	6.8%	6.0%
CPI-U	8.0%	3.7%	2.6%	8.0%	4.9%	2.4%	2.0%

IHS Markit Forecast - SD

	2017	2018	2019	2020	2021	2022 f	2023 f	2024 f	'11-'21 avg.
Real GDP Growth	-0.7%	1.1%	0.8%	1.6%	4.5%	1.0%	0.5%	1.8%	1.9%
Nonfarm Employment	0.4%	0.9%	0.6%	-3.3%	3.2%	2.4%	1.3%	-0.3%	0.8%
Nonfarm Income	3.2%	3.6%	7.3%	7.5%	6.5%	2.7%	5.1%	5.3%	4.9%
Housing Starts	5,020	4,756	4,089	6,028	7,541	8,432	4,516	4,416	4,873
Unemployment Rate	3.1%	2.8%	2.8%	4.4%	3.1%	2.4%	3.2%	3.5%	3.4%

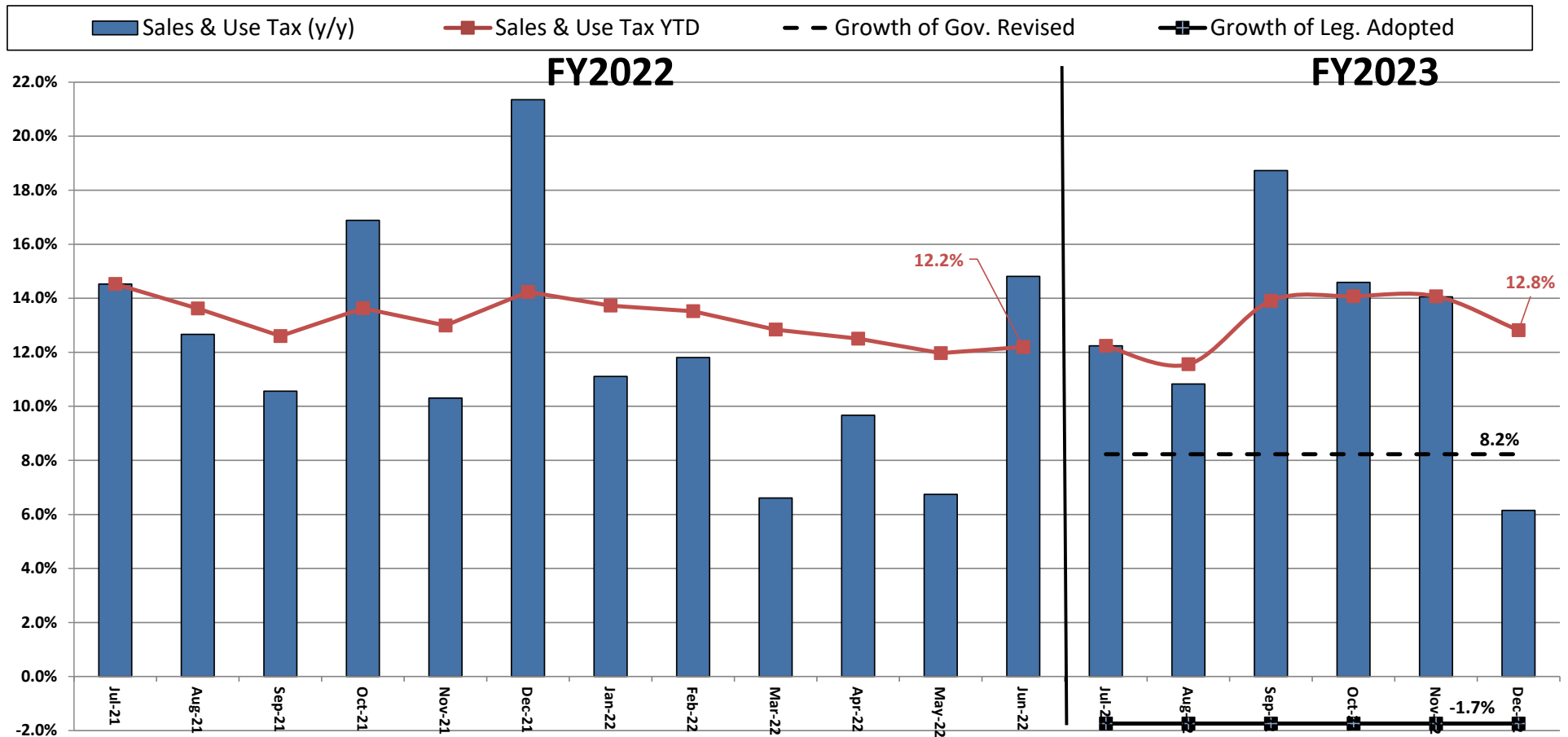
**Legislative Adopted FY2023 Estimate (Feb. 2022) vs. Actual Revenues
Year-to-Date Through DECEMBER FY2023 Comparison**



	<u>Leg. Adopted DECEMBER YTD FY2023</u>	<u>Actual DECEMBER YTD FY2023</u>	<u>DOLLAR CHANGE</u>	<u>YTD % Chg. Actual/Adopt Comparison</u>
ONGOING RECEIPTS				
Net Sales and Use Tax (excl. cost of admin)	691,663,307	783,891,386	92,228,078	13.3%
Lottery	77,001,555	85,150,601	8,149,046	10.6%
Net Contractor's Excise Tax	88,181,850	107,610,037	19,428,187	22.0%
Insurance Company Tax	46,770,068	47,872,468	1,102,401	2.4%
Unclaimed Property Receipts	54,792,967	86,287,470	31,494,504	57.5%
Licenses, Permits, and Fees	17,291,130	15,890,220	(1,400,910)	-8.1%
Tobacco Taxes	29,313,739	26,433,944	(2,879,796)	-9.8%
Trust Funds	31,890,322	31,890,322	0	0.0%
Net Transfers In (excluding one-time)	12,877,530	12,452,937	(424,592)	-3.3%
Alcohol Beverage Tax	2,521,869	2,494,270	(27,598)	-1.1%
Bank Franchise Tax	1,907,868	4,277,918	2,370,050	124.2%
Charges for Goods and Services	7,660,569	6,130,379	(1,530,190)	-20.0%
Telecommunications Tax	1,084,983	1,026,627	(58,355)	-5.4%
Severance Taxes	4,393,746	3,239,156	(1,154,590)	-26.3%
Investment Income and Interest	15,653,092	13,750,805	(1,902,287)	-12.2%
Alcohol Beverage 2% Wholesale Tax	1,441,494	1,516,662	75,168	5.2%
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,084,446,087	\$ 1,229,915,201	\$ 145,469,114	13.4%
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	-	183,423	183,423	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 0	\$ 183,423	\$ 183,423	N/A
GRAND TOTAL	\$ 1,084,446,087	\$ 1,230,098,624	\$ 145,652,537	13.4%

Sales & Use Tax Growth

(Excludes one-time receipts)





Council Discussion

IHS Markit Forecast - US

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Unemployment Rate	4.4%	3.9%	3.7%	8.1%	5.4%	3.7%	4.6%	4.8%	6.0%
CPI-U	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	3.9%	2.2%	2.0%

IHS Markit Forecast - SD

	2017	2018	2019	2020	2021	2022 f	2023 f	2024 f	'11-'21 avg.
Real GDP Growth	-0.7%	1.1%	0.8%	1.6%	4.5%	1.0%	0.5%	1.8%	1.9%
Nonfarm Employment	0.4%	0.9%	0.6%	-3.3%	3.2%	2.4%	1.3%	-0.3%	0.8%
Nonfarm Income	3.2%	3.6%	7.3%	7.5%	6.5%	2.7%	5.1%	5.3%	4.9%
Housing Starts	5,020	4,756	4,089	6,028	7,541	8,432	4,516	4,416	4,873
Unemployment Rate	3.1%	2.8%	2.8%	4.4%	3.1%	2.4%	3.2%	3.5%	3.4%

Other Discussion Items

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