



STATE GENERAL FUND RECEIPTS
FY21 - July General Fund Revenues
 (in thousands of dollars, except where noted)
 Revenue Target Revised Adopted 2/13/20

	FY20 July Actual	FY21 July Legislature Target	FY21 July Actual	Dollar Change	FY21 Actual % Change from:	
					FY20 July Actual	FY21 Legislature Target
ONGOING RECEIPTS						
Net Sales & Use Tax*	98,574.8	100,165.8	108,766.1	8,600.3 ①	10.3%	8.6%
Lottery	9,165.4	9,613.9	10,848.5	1,234.6 ②	18.4%	12.8%
Contractor's Excise Tax	10,983.8	12,514.5	13,915.9	1,401.4 ③	26.7%	11.2%
Insurance Company Tax	11,857.2	16,454.0	18,075.9	1,621.9 ④	52.4%	9.9%
Unclaimed Property	(869.1)	(654.7)	0.0	654.7	100.0%	100.0%
Licenses Permits and Fees	659.8	841.1	953.2	112.1	44.5%	13.3%
Tobacco Taxes	4,748.6	4,884.9	5,400.5	515.6	13.7%	10.6%
Trust Funds	26,854.7	28,192.2	28,192.2	0.0	0.0%	0.0%
Net Transfers In	8,120.7	8,068.9	8,504.3	435.4	4.7%	5.4%
Alcohol Beverage Tax	11.7	11.9	11.1	(0.8)	-4.7%	-6.8%
Bank Franchise Tax	54.1	42.1	54.6	12.5	1.0%	29.7%
Charges for Goods and Service:	1,565.2	1,373.1	2,486.4	1,113.4	58.9%	81.1%
Telecommunications Tax	0.0	0.0	0.0	0.0		
Mineral Severance Taxes	8.7	541.8	1,968.4	1,426.6 ⑤	22568.6%	263.3%
Investment Income and Interest	6.6	12.8	3.3	(9.4)	-49.0%	-73.8%
Alcohol 2% Wholesale Tax	193.9	200.0	182.3	(17.7)	-6.0%	-8.9%
TOTAL ONGOING RECEIPTS	171,936.0	182,262.4	199,362.8	17,100.4	16.0%	9.38%

Note: The revenue report reflects actual sales in

* Net Sales & Use Tax excludes the cost of administration

NOTE: Details may not add to totals due to rounding; values less than 1,000 are disregarded in calculating percentages. Transfers In excludes one-time transfers. The Legislature target is calculated on how the LRC tracks current revenues.

- ① The positive \$8.6 million difference between FY21 month actual and target is likely due to stronger consumer demand than anticipated and because of very small the year-over-year growth in FY20.
- ② The positive \$1.2 million difference between FY21 month actual and target is due to stronger demand for video lottery.
- ③ The positive \$1.4 million difference between FY21 month actual and target is likely due to stronger demand than anticipated and because FY20 saw negative year-over-year growth.
- ④ The positive \$1.6 million difference between FY21 month actual and target is likely due to stronger demand than anticipated.
- ⑤ The positive \$1.4 million difference between FY21 month actual and target is due larger gold extraction than anticipated.



STATE GENERAL FUND RECEIPTS
FY21 - Year to Date through July
(in thousands of dollars, except where noted)
Revenue Target Revised Adopted 2/13/20

				FY21 YTD Actual % Change from:		
	FY20 YTD Actual	FY21 YTD Legislature Target	FY21 YTD Actual	Dollar Change	FY20 YTD Actual	FY21 YTD Legislature Target
ONGOING RECEIPTS						
Net Sales and Use Tax*	98,575	100,166	108,766	8,600 ①	10.3%	8.6%
Lottery	9,165	9,614	10,849	1,235 ②	18.4%	12.8%
Contractor's Excise Tax	10,984	12,515	13,916	1,401 ③	26.7%	11.2%
Insurance Company Tax	11,857	16,454	18,076	1,622 ④	52.4%	9.9%
Unclaimed Property	(869)	(655)	0	655	100.0%	100.0%
Licenses Permits and Fees	660	841	953	112	44.5%	13.3%
Tobacco Taxes	4,749	4,885	5,401	516	13.7%	10.6%
Trust Funds	26,855	28,192	28,192	0	5.0%	0.0%
Net Transfers In	8,121	8,069	8,504	435	4.7%	5.4%
Alcohol Beverage Tax	12	12	11	(1)	-4.7%	-6.8%
Bank Franchise Tax	54	42	55	12	1.0%	29.7%
Charges for Goods and Services	1,565	1,373	2,486	1,113	58.9%	81.1%
Telecommunications Tax	0	0	0	0		
Mineral Severance Taxes	9	542	1,968	1,427 ⑤	22568.6%	263.3%
Investment Income and Interest	7	13	3	(9)	-49.0%	-73.8%
Alcohol 2% Wholesale Tax	194	200	182	(18)	-6.0%	-8.9%
TOTAL ONGOING RECEIPTS	171,936	182,262	199,363	17,100	15.95%	9.38%
ONE-TIME RECEIPTS						
Bank franchise Tax Prior Year			6,919	6,919 ⑥		
Refinancing Gains	1,970					
TOTAL ONE-TIME RECEIPTS	1,970	0	6,919	6,919		
GRAND TOTAL RECEIPTS	173,906	182,262	206,282	24,019	18.6%	13.18%

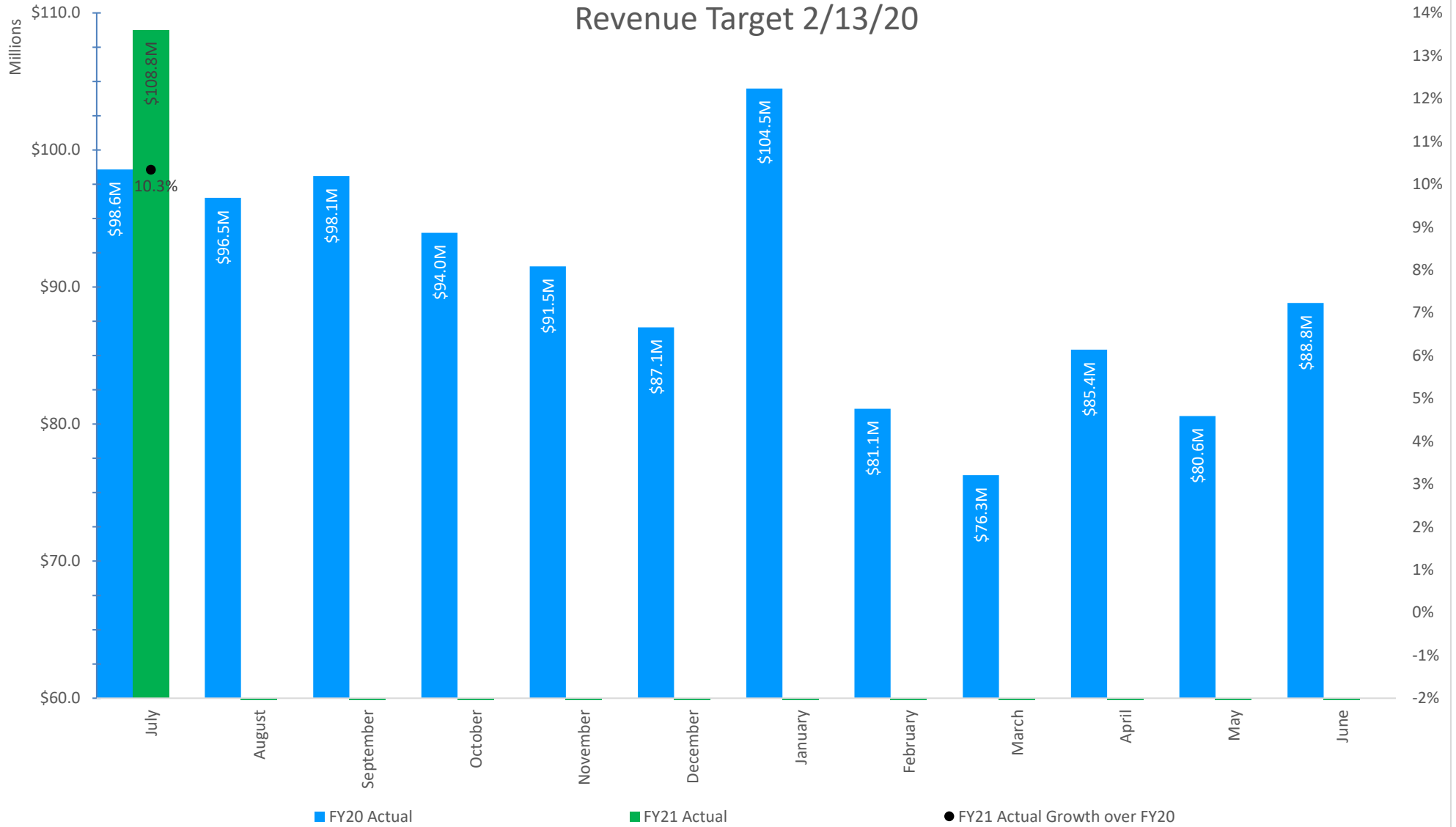
Note: The revenue report reflects actual sales through
* Net Sales & Use Tax excludes the cost of administration

SOURCE: BFM General Fund Revenue by Source, DOR Monthly Statistical Report

NOTE: Details may not add to totals due to rounding; values less than 1,000 are disregarded in calculating percentages. Transfers In excludes one-time transfers. The Legislature target is calculated on how the LRC tracks current revenues.

- ① The positive \$8.6 million difference between FY21 YTD actual and target is likely due to stronger consumer demand than anticipated and because of very small the year-over-year growth in FY20.
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- ④ The positive \$1.6 million difference between FY21 YTD actual and target is likely due to stronger demand than anticipated.
- ⑤ The positive \$1.4 million difference between FY21 YTD actual and target is due larger gold extraction than anticipated.
- ⑥ The positive \$4.8 million is from one-time bank card and bank franchise receipts which otherwise would have been received in FY20.
- ⑦ The positive \$1.97 million in one-time receipts is due to the refinancing of bonds.

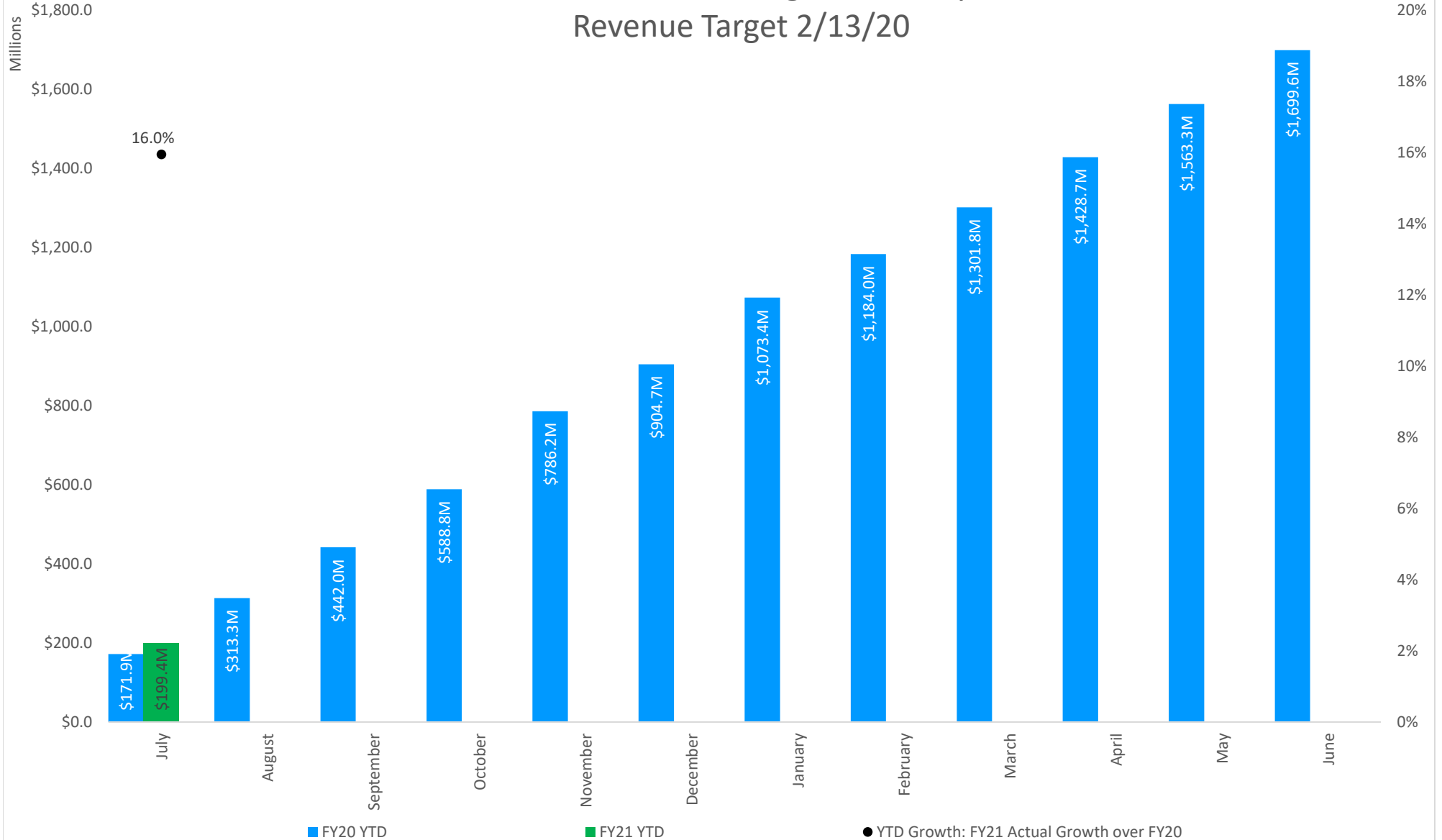
Sales and Use Tax Monthly Revenue Revenue Target 2/13/20



Note: Monthly Sales & Use Tax Revenue is the monthly total of sales and use tax, audits, off-road excise, boat and mobile home tax.
Source: DoR Monthly Statistical Report and BFM General Fund Revenue by Source

YTD General Fund On-Going Revenue by Month

Revenue Target 2/13/20



Source: DoR Monthly Statistical Report and BFM General Fund Revenue by Source

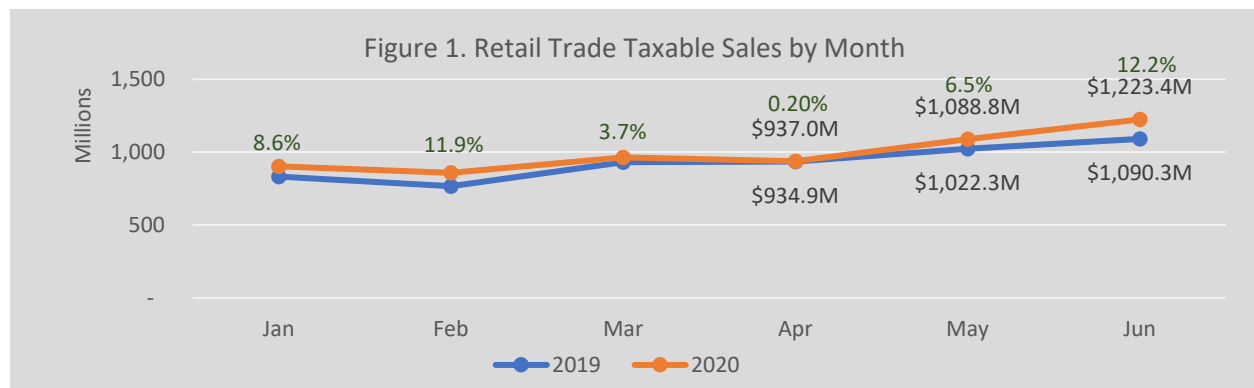
Note: Revenues have not been adjusted for timing issues. Includes cost of administration.

Supplemental Information on Revenues in South Dakota

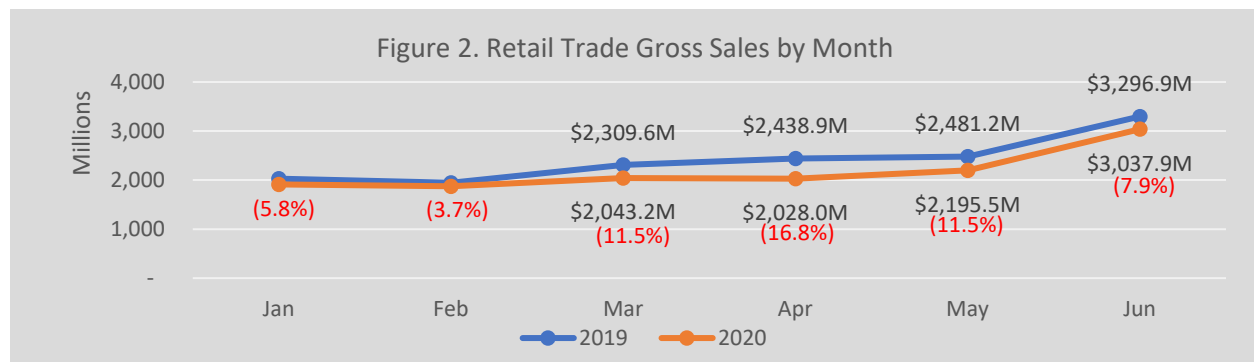
COVID-19 brings unprecedented shocks to South Dakota's economy. The recovery in taxable sales since April demonstrates the shock from COVID-19. The retail trade industry remains strong, while the services industry continues to show weakness. What remains to be seen is the effect on retail trade and the services industry once the increased unemployment benefits expire and the economic stimulus payment dollars are all spent. A depressed trend in taxable sales could occur as additional federal dollars taper off and the current COVID-19 narrative remains or worsens.

Retail Trade Business Sales

Retail trade taxable sales show positive increases each month so far in 2020 despite the effects of COVID-19. There appears now to be similar growth in retail trade taxable as before the pandemic as indicated by Figure 1. This is good for the State's general fund as the State relies on the sales and use tax collected from taxable sales in retail trade.



Gross sales provide an indication to the overall economic activity in a sector. Overall retail trade sales are down but have recovered from the lows in April.

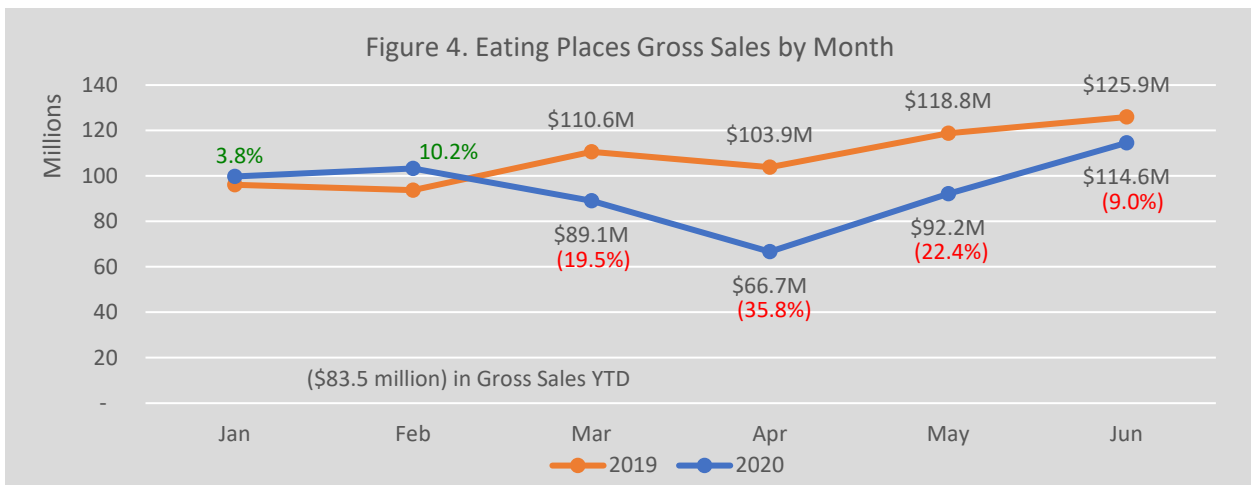
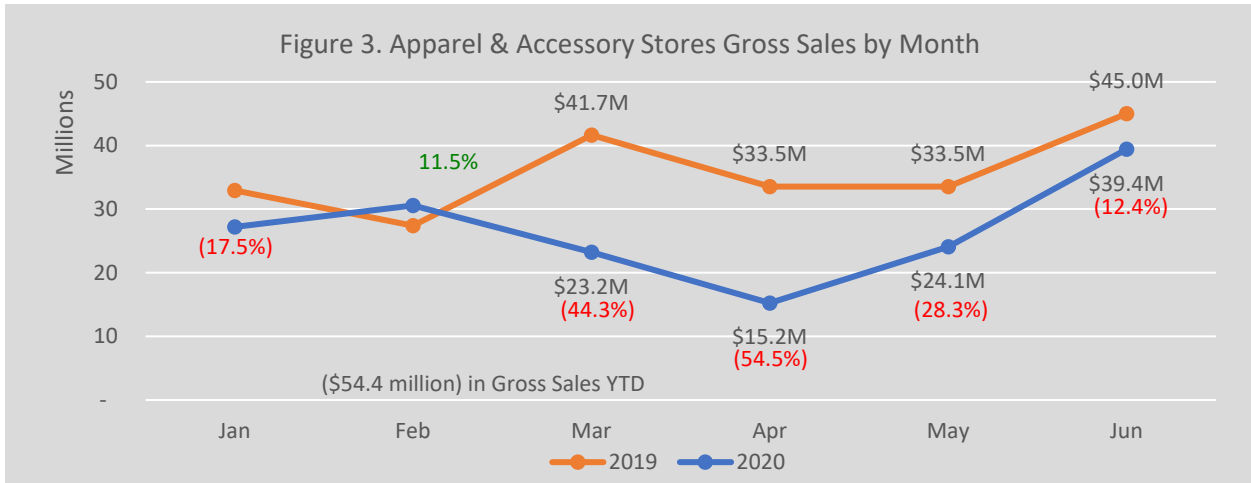


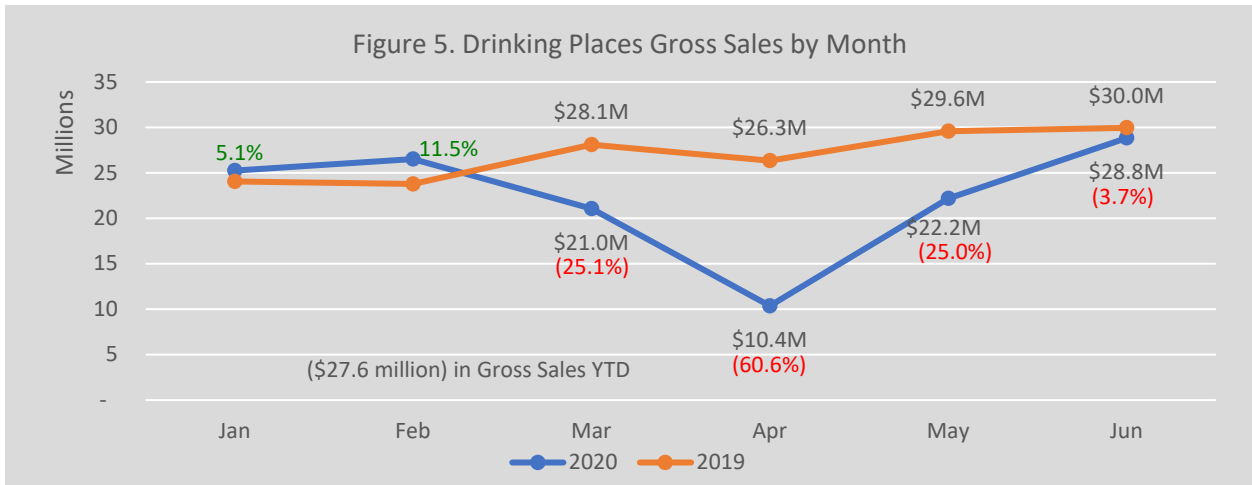
The increase in taxable sales by certain business types more than offsets decreases in other business types as indicated by Table 1. Thereby the overall net effect on taxable sales for the retail trade industry is positive. The strength of the retail trade sector during the month of June shows a strong consumer demand in South Dakota despite COVID-19 and adjustments made by businesses. Food stores, building and garden supplies stores, and miscellaneous retail continued to show higher than normal increases, while apparel and accessory stores and eating and drinking places exhibit the largest decreases.

Table 1. Retail Trade **June** Taxable Sales

Retail Trade Business	2019	2020	\$Δ Y/Y	%Δ Y/Y
Apparel & Accessory Stores	\$37.0M	\$35.6M	(\$1.37M)	(4%)
Automotive Dealers & Service Stations	\$94.5M	\$110.5M	\$16.0M	17%
Food Stores	\$138.7M	\$153.7M	\$15.0M	11%
Building Materials & Garden Supplies	\$146.1M	\$185.0M	\$38.9M	27%
General Merch. Stores	\$213.7M	\$224.7M	\$11.0M	5%
Furniture & Homefurnishing Stores	\$55.5M	\$59.5M	\$4.0M	7%
Eating & Drinking Places	\$142.1M	\$128.8M	(\$13.3M)	(9%)
Misc. Retail	\$262.7M	\$325.6M	\$62.9M	24%
Total Retail Trade	\$1090.3M	\$1223.4M	\$133.1M	12.2%

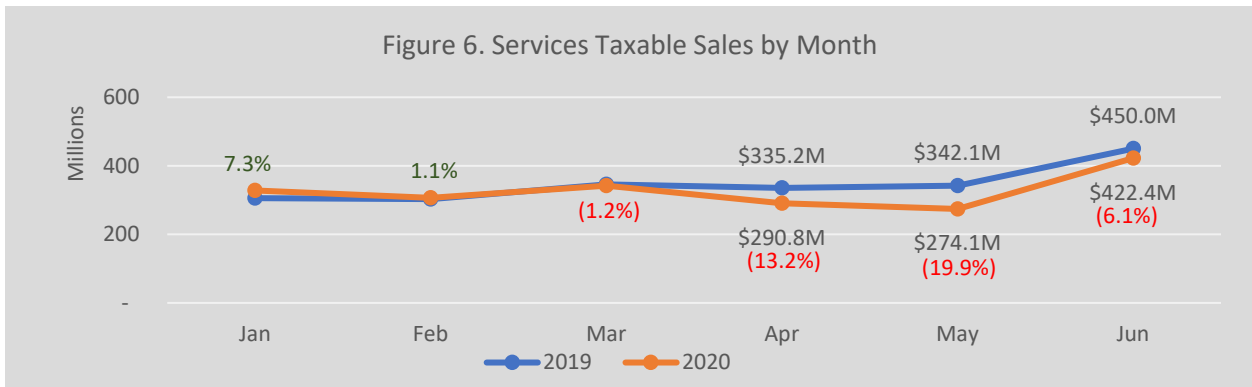
Several retail trade businesses continue to see lower gross sales as COVID-19 continues as shown by Figures 3,4, and 5. However, several retail trade businesses have recovered significantly and quickly since the lows in April.



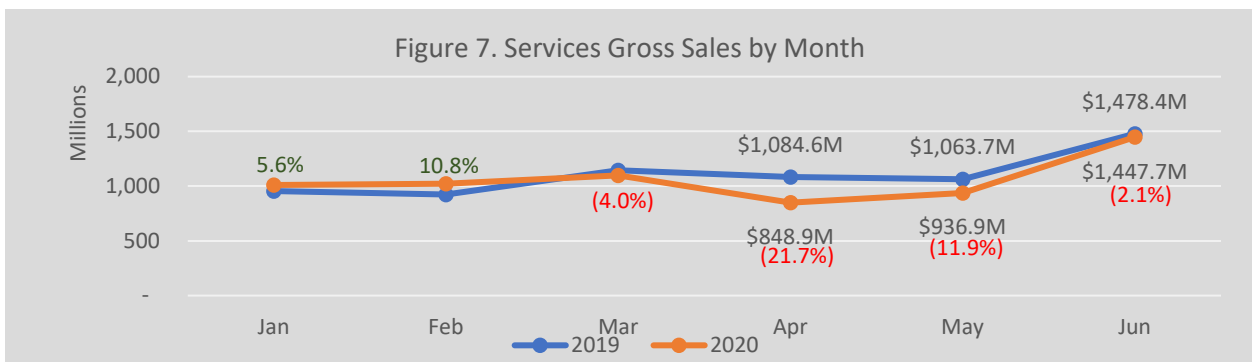


Services Business Sales in June

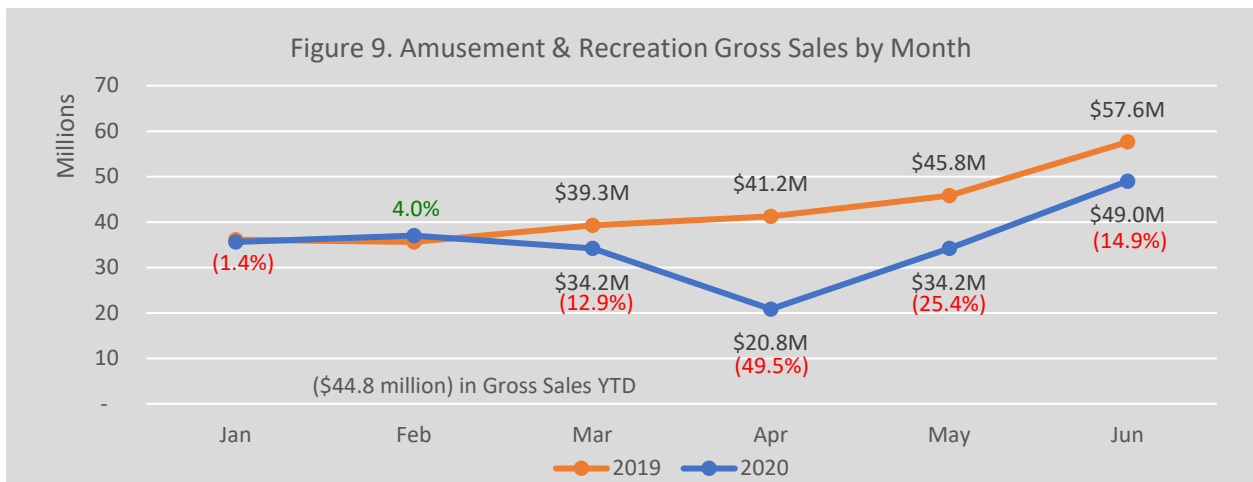
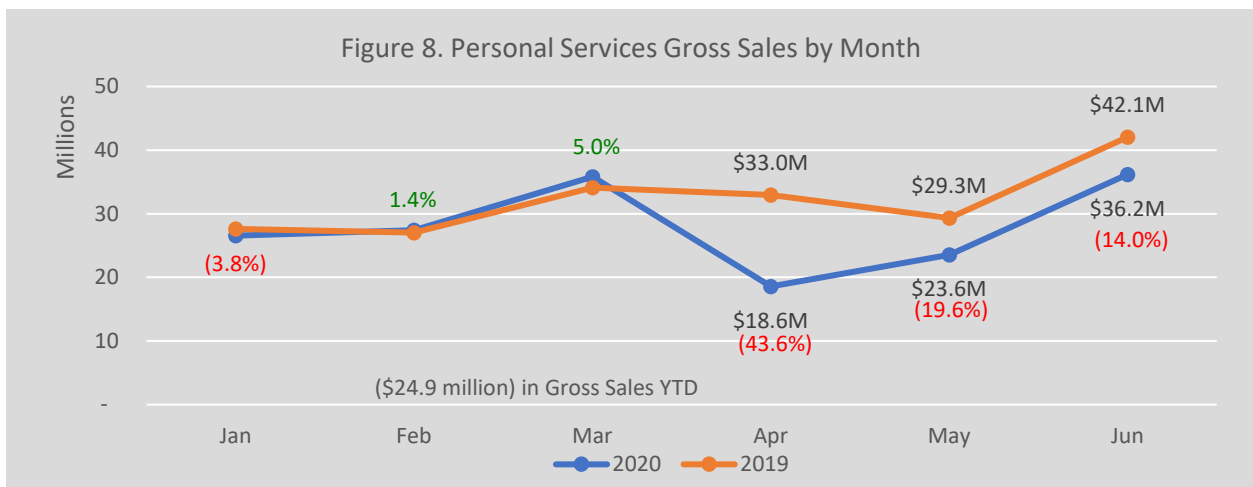
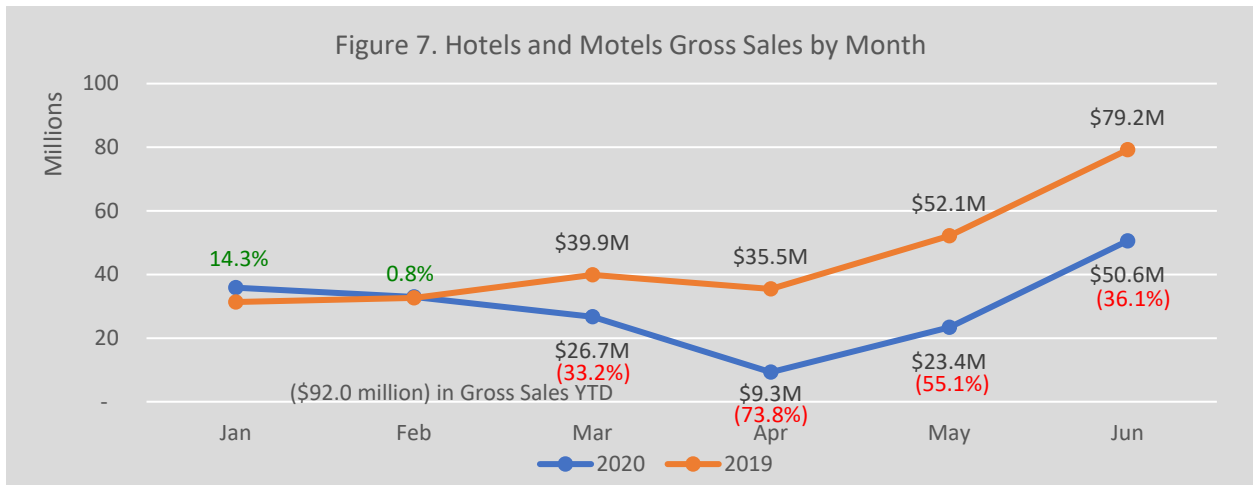
The services industry continues to show signs of weakness in taxable sales. The taxable sales for the services industry recovered from the low in May as indicated in Figure 6. If the current COVID-19 narrative continues or worsens it is likely the taxable sales for the services industry will continue to weaken or remain at depressed levels.



Overall gross sales in the services industry continue to improve and have recovered faster than taxable sales; however, growth in sales remain well below pre-COVID levels.



Businesses in the services industry continue to see lower gross sales as COVID-19 continues as shown by Figures 7, 8, and 9. The figures also demonstrate a faster recovery by certain businesses.

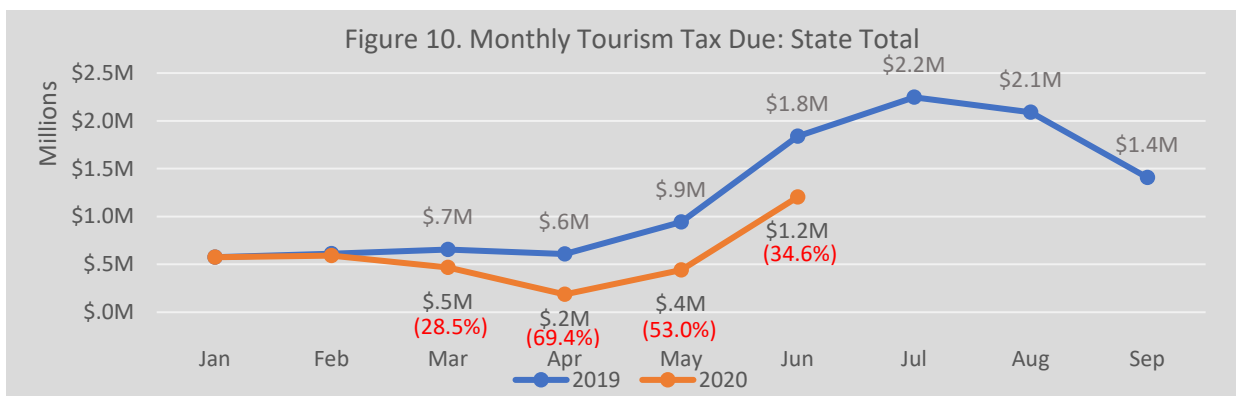


The service industry shows improvements in taxable sales as shown in Table 2. The negative seven percent is an improvement over the previous month sales of negative twenty percent. However, specific businesses continue to see weakness in sales. The service sector continues to experience a direct negative impact from COVID-19.

Services by Type	2019	2020	\$Δ Y/Y	%Δ Y/Y
Hotels & Other Lodging Places	\$81.M	\$54.4M	(\$26.6M)	(33%)
Personal Services	\$30.M	\$28.5M	(\$1.41M)	(5%)
Business Services	\$120.M	\$124.9M	\$4.9M	4%
Auto Repair, Services, & Parking	\$52.M	\$53.2M	\$1.3M	2%
Misc. Repair Services	\$17.5M	\$19.4M	\$1.9M	11%
Motion Pictures	\$6.2M	\$3.1M	(\$3.1M)	(51%)
Amusement & Recreation	\$39.M	\$31.7M	(\$7.3M)	(19%)
Health Services	\$16.8M	\$14.4M	(\$2.5M)	(15%)
Legal Services	\$20.5M	\$21.4M	\$.9M	4%
Educational Services	\$2.9M	\$1.8M	(\$1.1M)	(37%)
Social Services	\$.4M	\$.2M	(\$.16M)	(39%)
Museums, Botanical, Zoological Gardens	\$.8M	\$.4M	(\$.4M)	(47%)
Membership Organizations	\$4.4M	\$.3M	(\$4.1M)	(92%)
Engineering & Management Services	\$53.8M	\$60.M	\$6.2M	12%
Services, NEC	\$4.4M	\$5.2M	\$.8M	18%
Total Services	\$449.9M	\$419.2M	(\$30.7M)	(7%)

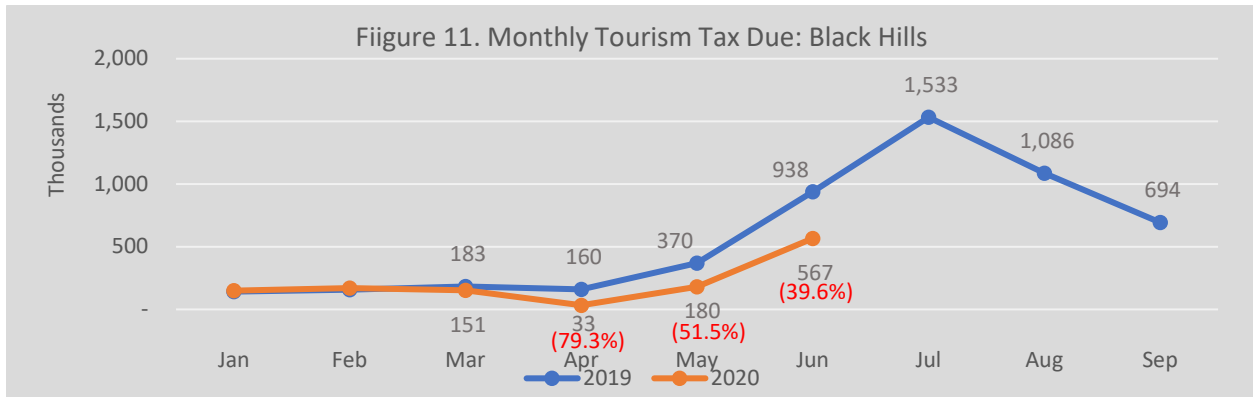
Tourism Impacted by COVID-19

Tourism is as large engine for the state in terms of tax dollars and economic activity. However, COVID-19 has impacted tourism and will continue to affect tourism throughout the peak season. Tourism tax is a good indicator of tourism in the state as items with the additional tax are purchased frequently by people visiting the state.



Tourism tax appears to be recovering at a similar pace to the retail trade and services sector, however, tourism receipts for July will most likely decline year-over-year and continue into August and September.

The Black Hills region would be impacted the most by any decline in tourism as the region relies heavily on tourism. Figure 11 shows the monthly tourism tax due for the Black Hills region. The Black Hills region continues to show weakness in tourism receipts. It is likely the remaining peak tourism months will see year-over-year declines.



Conclusion

The large increase in taxable sales for the retail sector provided a large boost to the State's general fund for the month; however, it remains to be seen what affect the expiration of the extra unemployment benefits and the end of economic stimulus payments will have. Another economic stimulus payment should provide a boost to monthly receipts. A depressed trend in taxable sales could occur as additional federal dollars taper off and the current COVID-19 narrative remains or worsens.