



# REVISED REVENUE ESTIMATES

*BUREAU OF FINANCE AND MANAGEMENT - 2/14/2023*

# ECONOMIC OUTLOOK



# Economic Assumptions

- Forecast still includes mild US recession.
- Real GDP still positive overall for the calendar year 2023.
- Real personal consumption expenditures continue to grow modestly at 1.0% in 2023 and 1.1% in 2024.
- Federal Open Market Committee raises policy rate to 5.00%-5.25% by May.
- CPI forecast to rise 4.0% in 2023 and 2.3% in 2024.

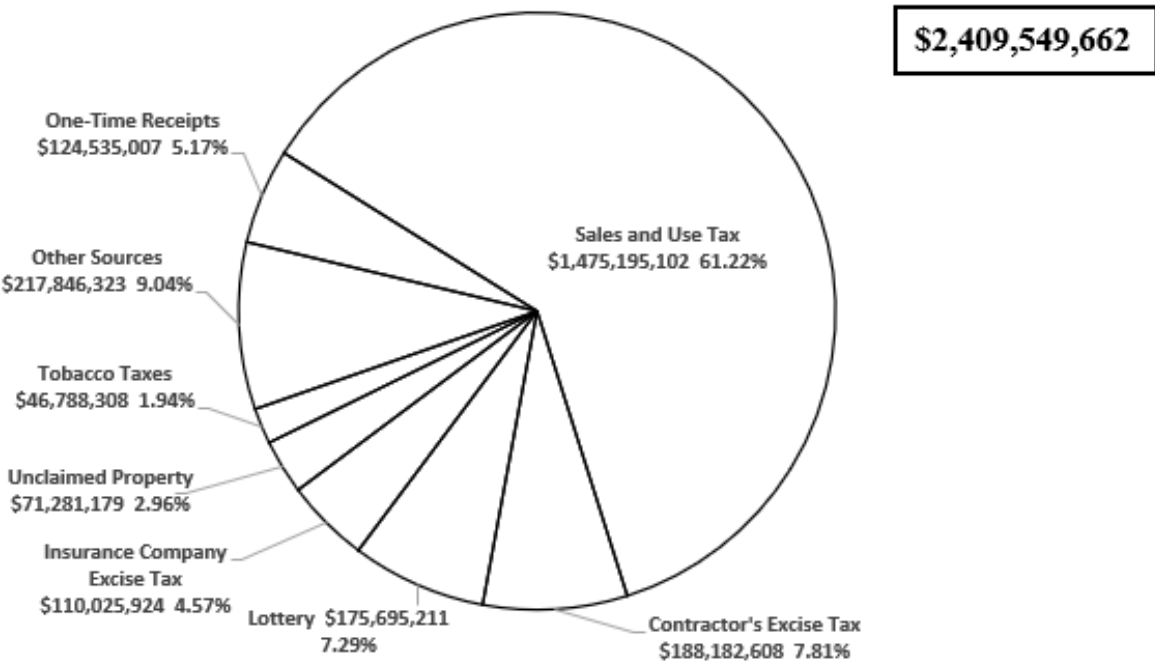
# Key Economic Indicators

	2017	2018	2019	2020	2021	2022 f	2023 f	2024 f	'11-'21 avg.
SD Real GDP Growth	-0.7%	1.1%	0.8%	1.6%	4.5%	1.0%	0.4%	1.8%	1.9%
SD Nonfarm Employment	0.4%	0.9%	0.6%	-3.3%	3.2%	2.4%	1.2%	0.0%	0.8%
SD Nonfarm Income	3.2%	3.6%	7.3%	7.5%	6.5%	2.7%	5.1%	5.4%	4.9%
SD Housing Starts	5,020	4,756	4,089	6,028	7,541	8,432	5,540	5,880	4,873
SD Unemployment Rate	3.1%	2.8%	2.8%	4.4%	3.1%	2.4%	2.8%	2.9%	3.4%
US Inflation Rate	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.0%	2.3%	2.0%

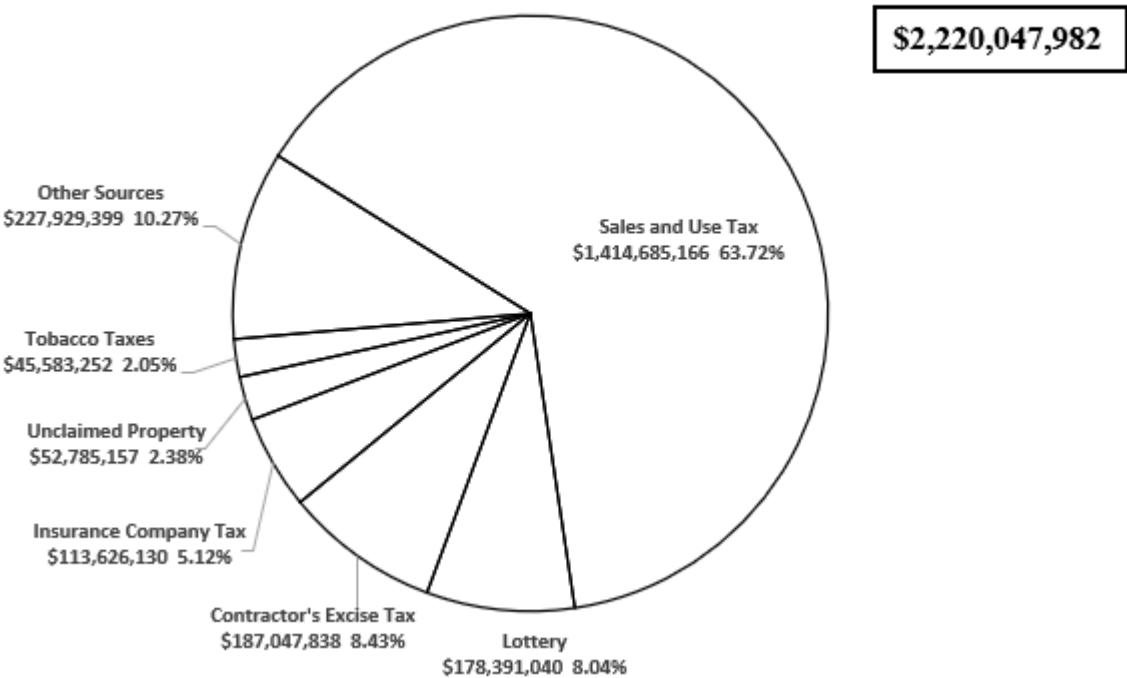


# FY2023 and FY2024 Revised Estimate

**FY2023 General Fund Revenues**



**FY2024 General Fund Revenues**

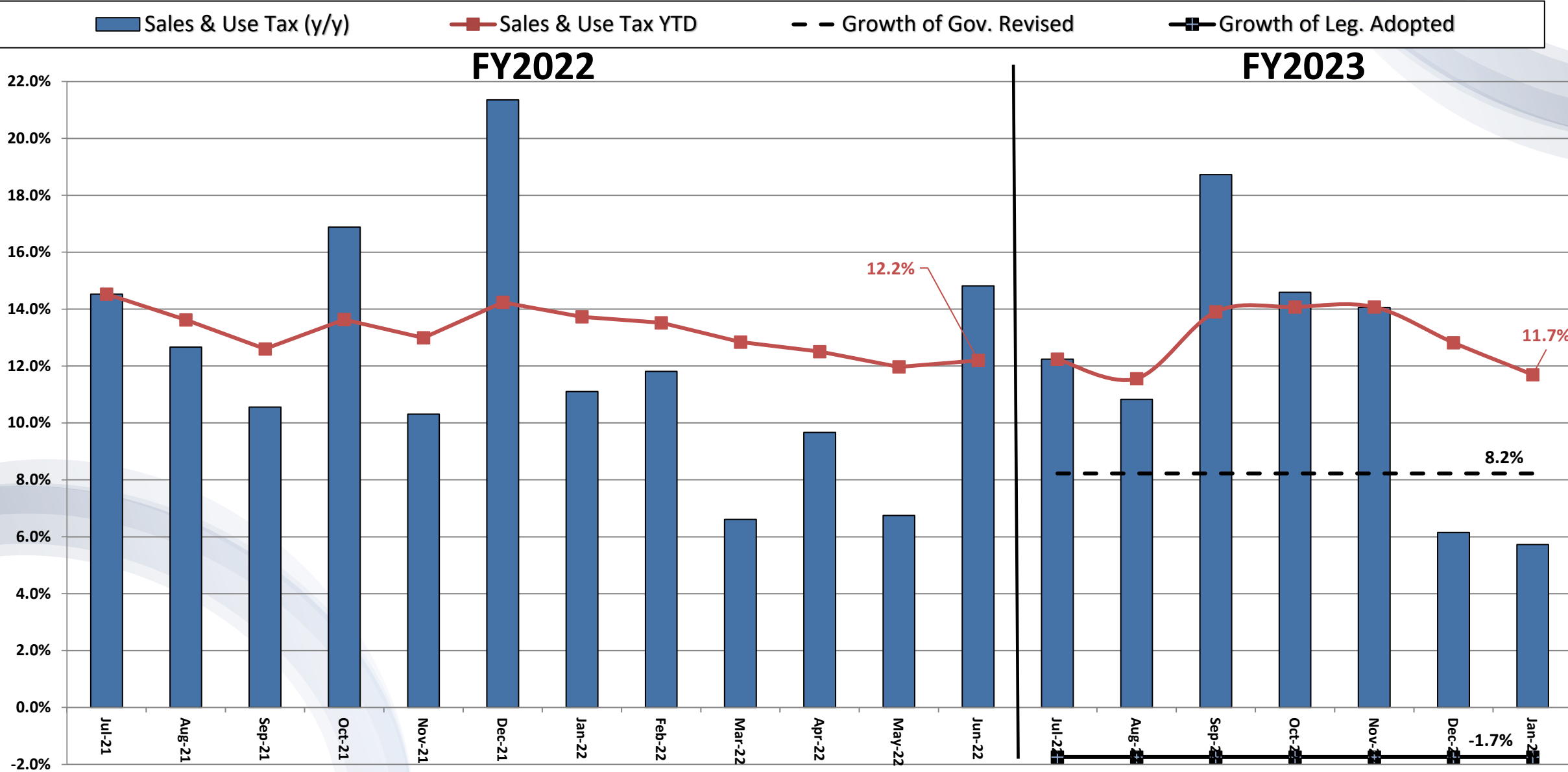


# REVENUES

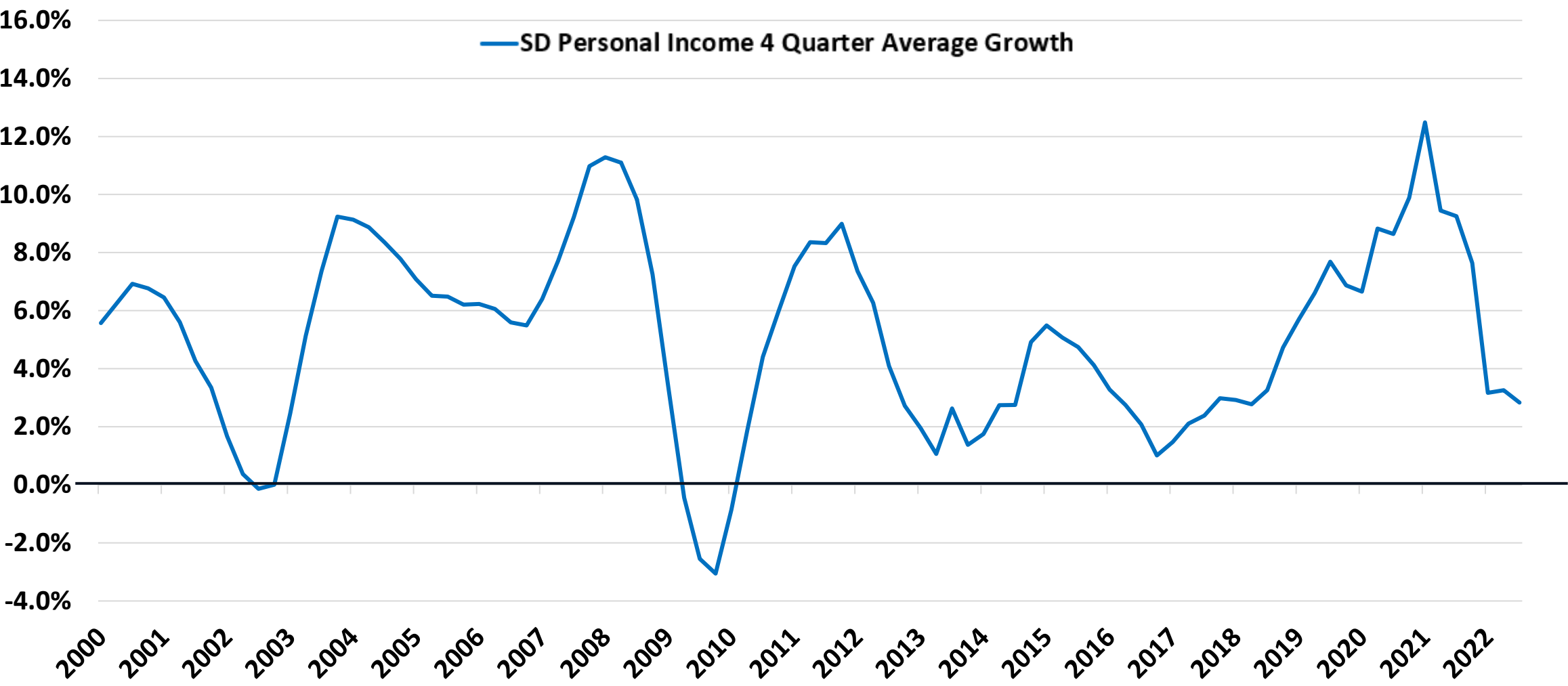


# Recent Growth in Sales and Use Tax

(Excludes one-time receipts)

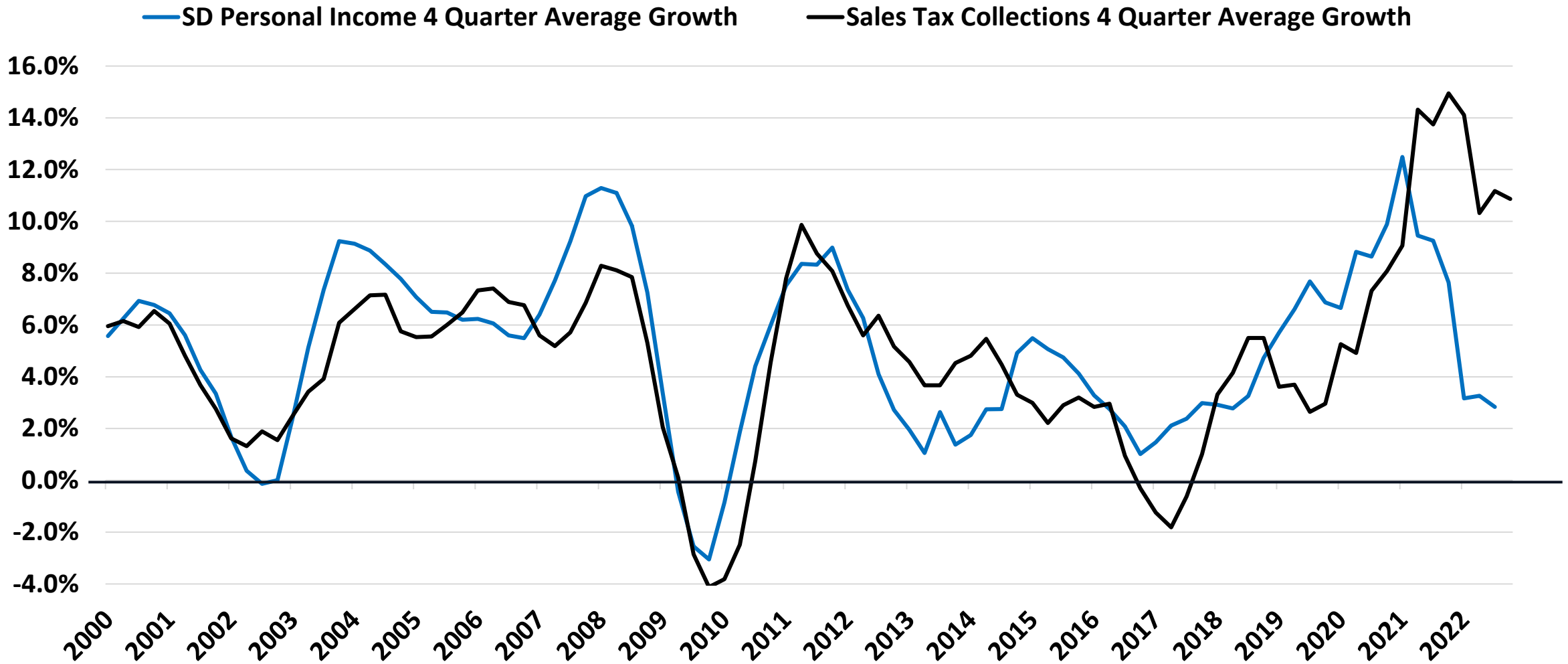


# SD Personal Income

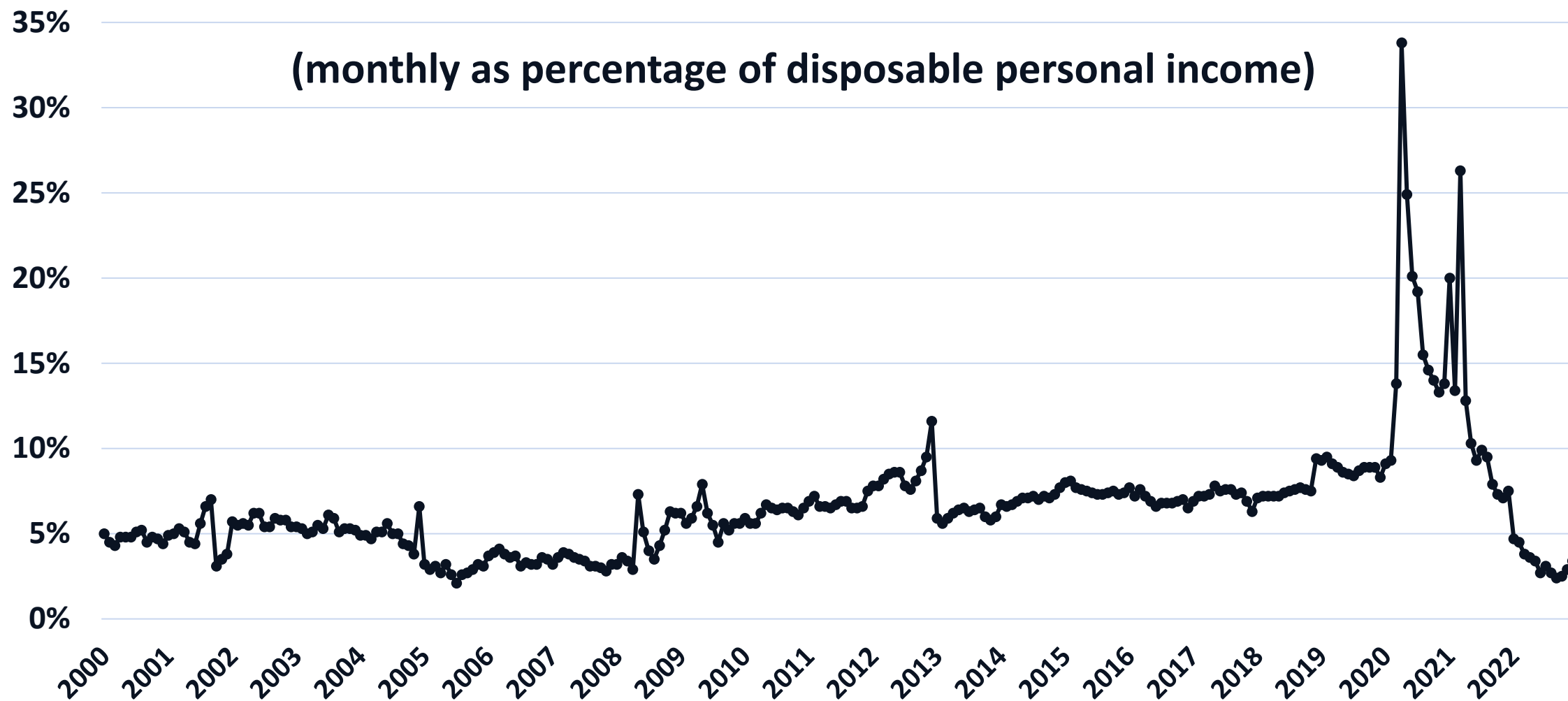




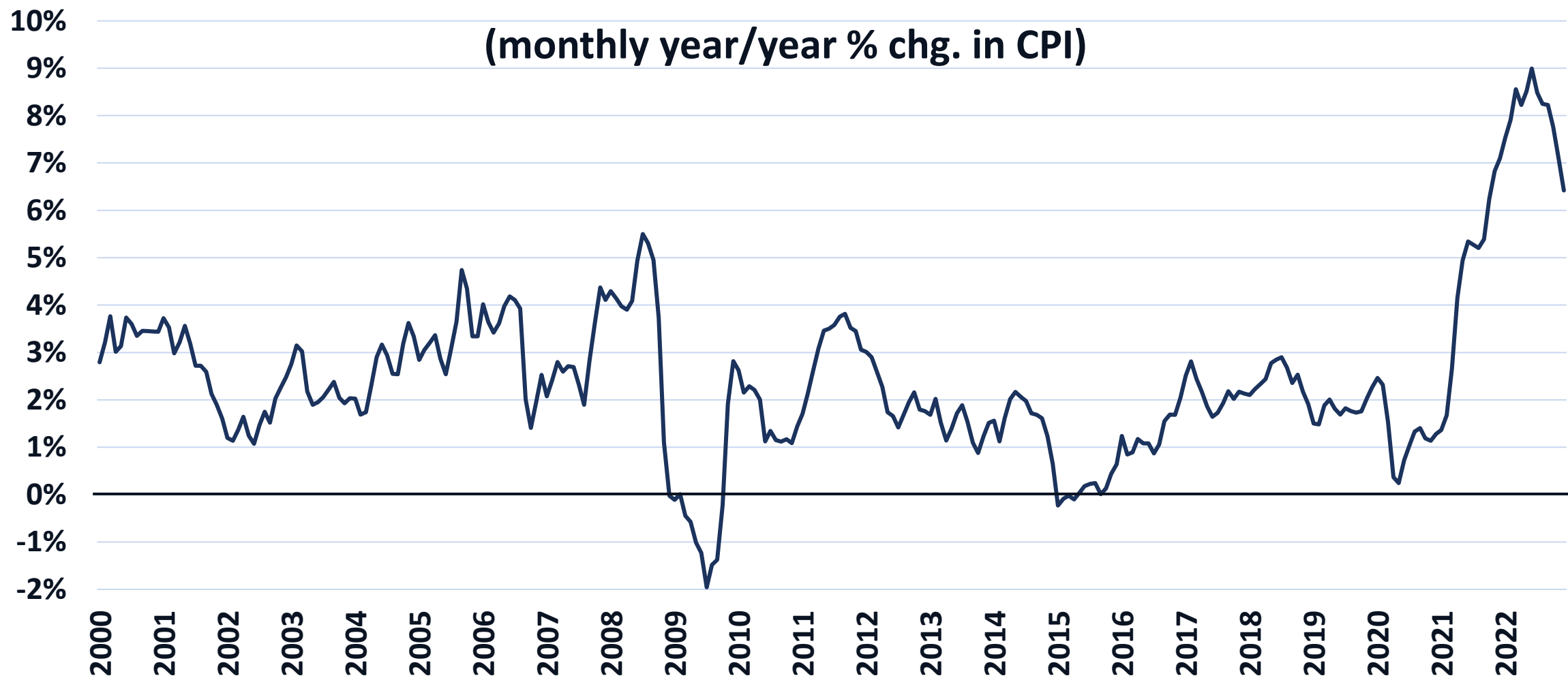
# SD Personal Income vs. Sales Tax Collections



# US Personal Saving Rate



# Inflation: CPI



# Sales and Use Tax

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	1,209,342,342	1,356,844,793	1,475,195,102	1,414,685,166*
Ongoing Dollar Change	136,511,693	147,502,451	118,350,309	(60,509,936)
Percent Change	12.72	12.20	8.72	(4.10)

- Approximately 63.7% of FY24 ongoing revenues
- Year-To-Date (YTD) collections are 11.7% above the same period in FY22
- Projection is for FY23 to finish at 8.7% growth
- Reduction of 4.1% in FY24

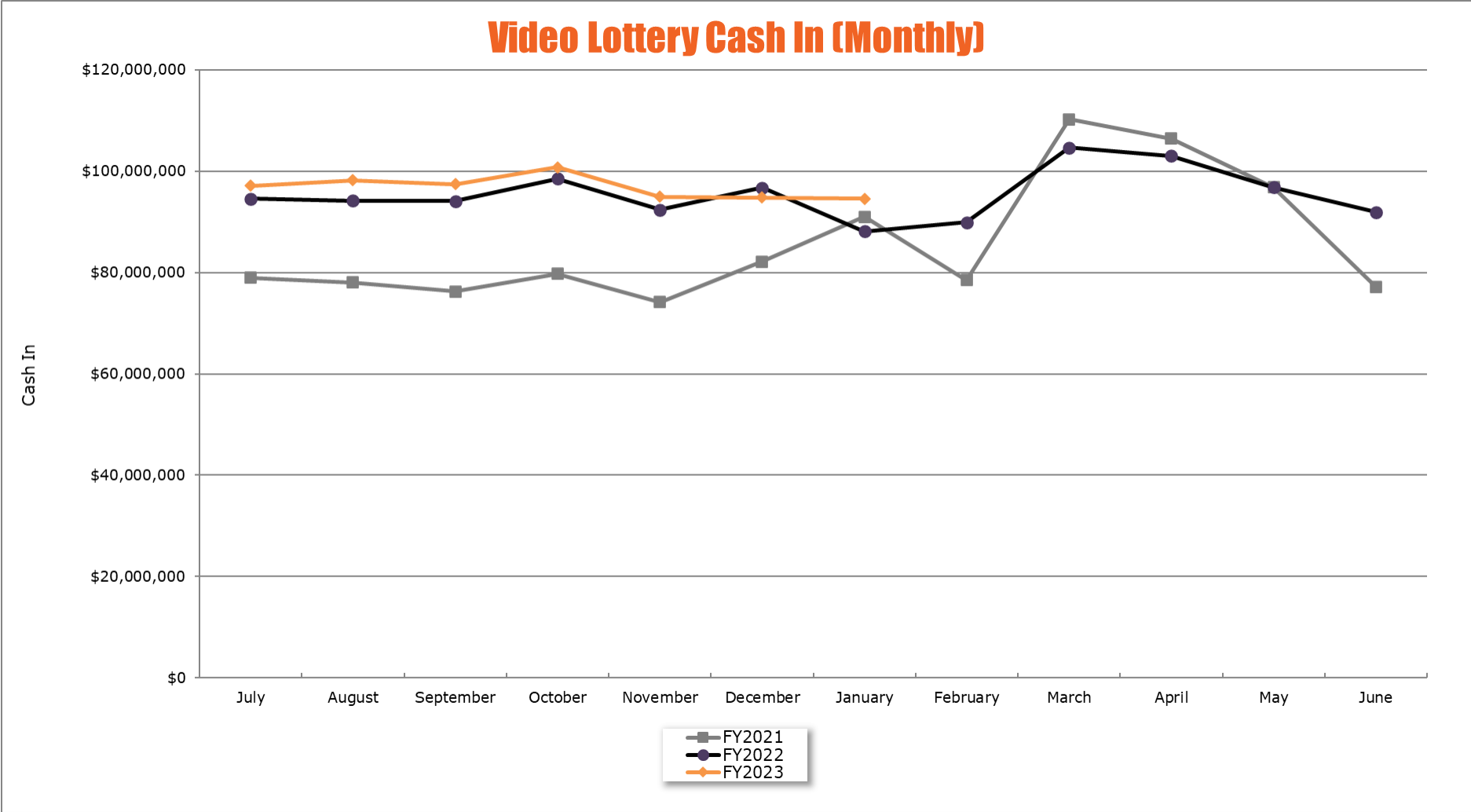
\* Includes a reduction of \$102,483,993 for the removal of state sales tax on groceries. Sales tax estimate before the reduction is \$1,517,169,159 or 2.8% growth from FY2023.

# Lottery

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Instant/Online Lottery	7,716,398	10,648,016	12,380,140	12,626,243
Video Lottery	147,810,651	160,961,666	163,315,071	165,764,797
<b>Total Receipts</b>	<b>155,527,049</b>	<b>171,609,682</b>	<b>175,695,211</b>	<b>178,391,040</b>
Dollar Change	33,038,048	16,082,633	4,085,529	2,695,829
Percent Change	26.97	10.34	2.38	1.53

- Approximately 8.0% of FY24 ongoing revenues
- Year-To-Date (YTD) revenues are 5.3% above the same period in FY22
- Projection is for FY23 to finish at 2.4% growth
- Growth of 1.5% in FY24

# Lottery



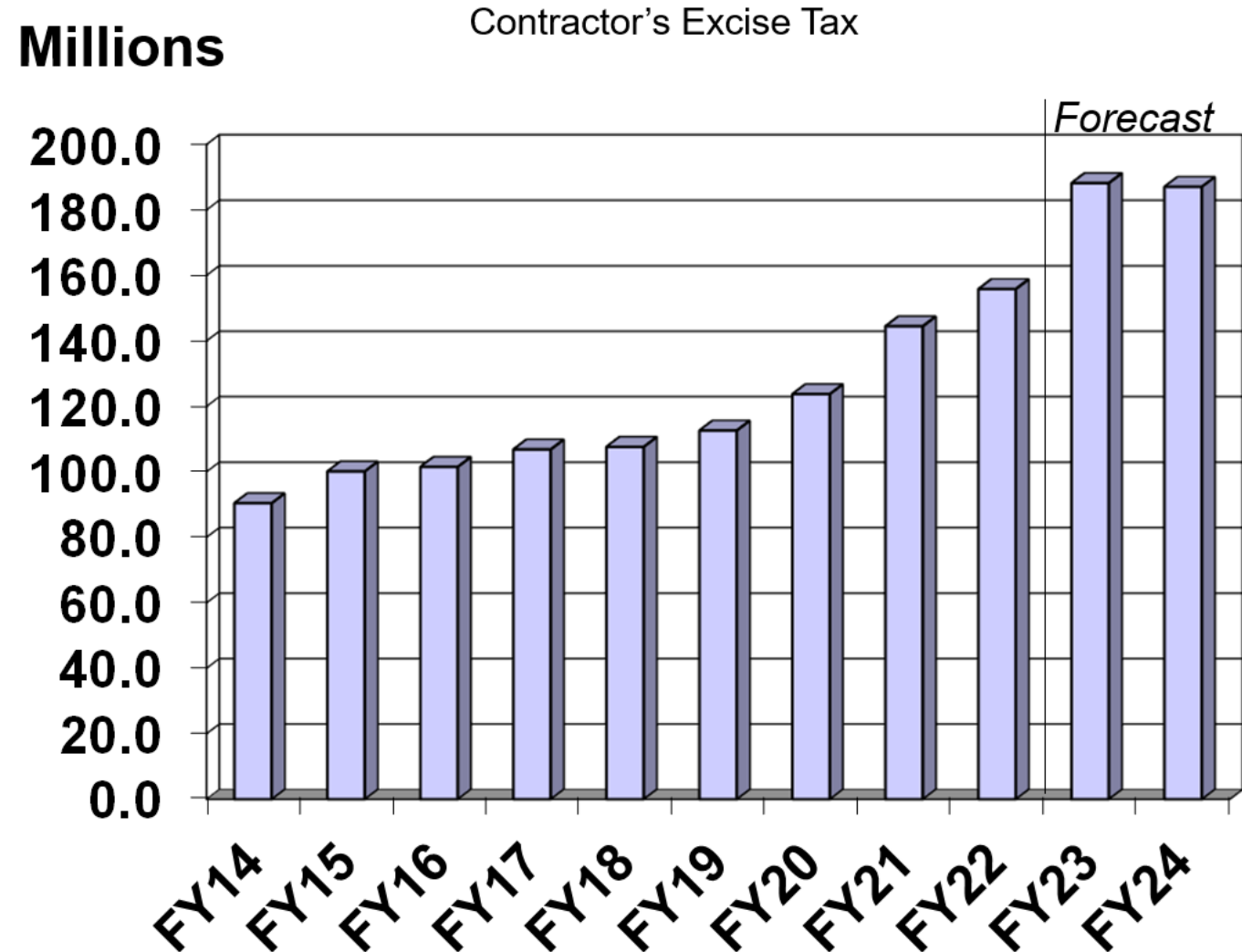


# Contractor's Excise Tax

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	144,448,267	155,823,772	188,182,608	187,047,838
Ongoing Dollar Change	20,724,748	11,375,506	32,358,836	(1,134,770)
Percent Change	16.75	7.88	20.77	(0.60)

- Approximately 8.4% of FY24 ongoing revenues
- Year-To-Date (YTD) collections are 25.0% above the same period in FY22
- Projection is for FY23 to finish at 20.8% growth
- Reduction of 0.6% in FY24

# Contractor's Excise Tax



# Insurance Company Tax

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	97,010,439	103,995,420	110,025,924	113,626,130
Ongoing Dollar Change	3,739,327	6,984,981	6,030,505	3,600,206
Percent Change	4.01	7.20	5.80	3.27

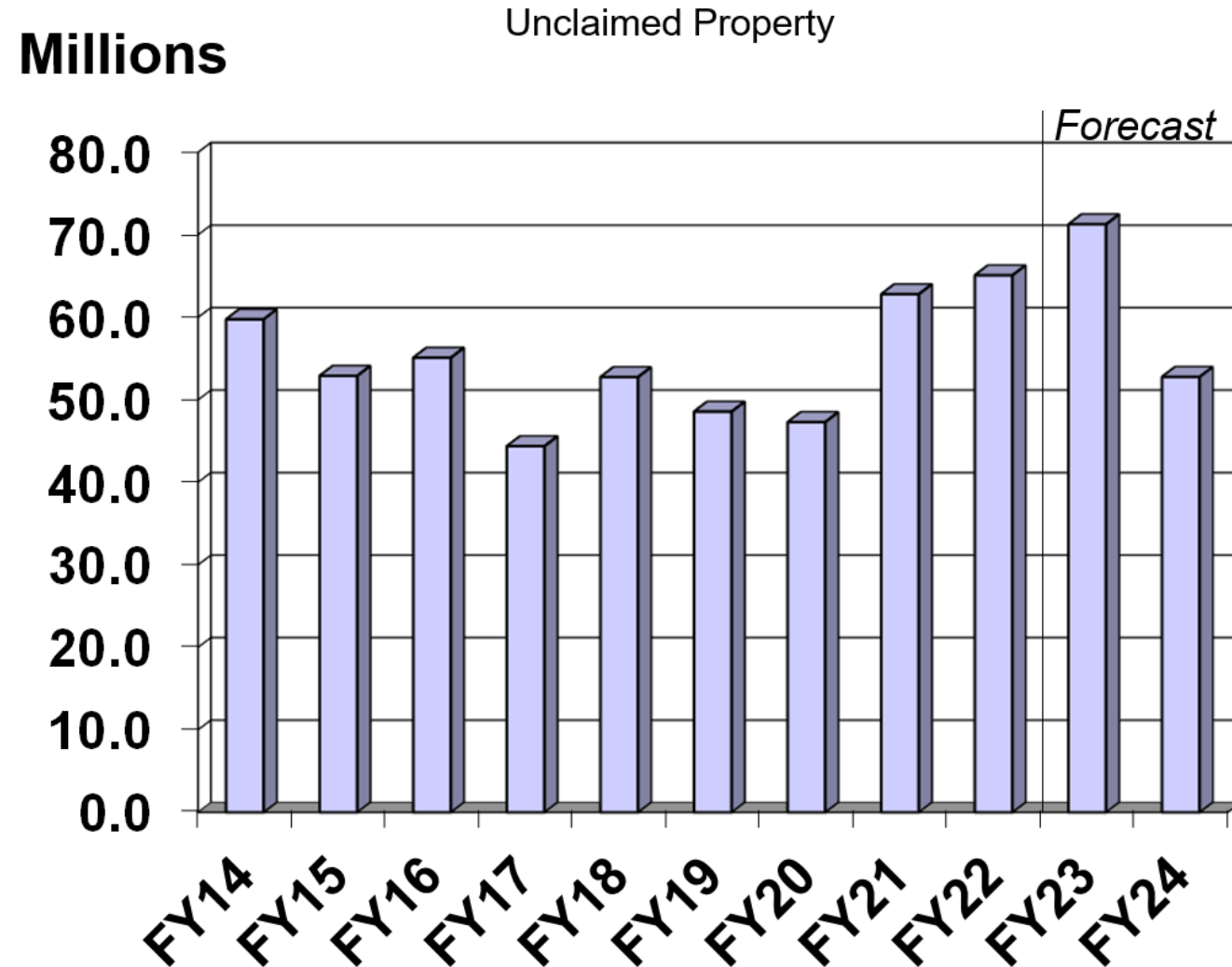
- Approximately 5.1% of FY24 ongoing revenues
- Year-To-Date (YTD) collections are 12.0% above the same period in FY22
- Projection is for FY23 to finish at 5.8% growth
- Growth of 3.3% in FY24

# Unclaimed Property

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	62,809,930	65,097,628	71,281,179	52,785,157
Ongoing Dollar Change	15,501,458	2,287,698	6,183,551	(18,496,022)
Percent Change	32.77	3.64	9.50	(25.95)

- Approximately 2.4% of FY2023 ongoing revenues
- Remittances have been elevated
- Foreign claims activity has been significantly reduced, but is picking up

# Unclaimed Property



# Licenses, Permits, and Fees

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	71,212,896	75,077,171	76,386,690	77,492,914
Ongoing Dollar Change	2,934,956	3,864,275	1,309,519	1,106,224
Percent Change	4.30	5.43	1.74	1.45

- Approximately 3.5% of FY24 ongoing revenues
- Over 65% of revenue from securities fees
- Projection is for FY23 to finish at 1.7% growth
- Growth of 1.4% in FY24



# Tobacco Taxes

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	52,314,193	49,385,379	46,788,308	45,583,252
Ongoing Dollar Change	1,248,081	(2,928,814)	(2,597,071)	(1,205,056)
Percent Change	2.44	(5.60)	(5.26)	(2.58)

- Approximately 2.1% of FY24 ongoing revenues
- Year-To-Date (YTD) collections were 8.7% lower than the same period in FY22 as of December
- Projection is for FY23 to finish at -5.3%
- Reduction of 2.6% in FY24

# Tobacco Taxes

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
General Fund	30,000,000	30,000,000	30,000,000	30,000,000
Tobacco Prevention and Reduction Trust Fund	5,000,000	5,000,000	5,000,000	5,000,000
Remainder to General Fund	22,314,193	19,385,379	16,788,308	15,583,252
<b>Total</b>	<b>57,314,193</b>	<b>54,385,379</b>	<b>51,788,308</b>	<b>50,583,252</b>

# Trust Funds

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Health Care Trust Fund	5,676,706	5,839,236	6,612,325	7,267,000
Education Enhancement Trust Fund	22,515,470	23,673,657	25,277,997	26,361,000
Dakota Cement Trust Fund	13,435,863	13,982,377	14,356,000	14,973,308
<b>Total</b>	<b>41,628,039</b>	<b>43,495,271</b>	<b>46,246,322</b>	<b>48,601,308</b>

# Trust Funds

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	41,628,039	43,495,271	46,246,322	48,601,308
Ongoing Dollar Change	1,768,783	1,867,232	2,751,051	2,354,986
Percent Change	4.44	4.49	6.32	5.09

- Approximately 2.2% of FY24 ongoing revenues
- Projections for FY23 based on actuals for HCTF and EETF, and projection for DCTF
- Projection for FY23 is 6.3%
- FY24 based on SDIC estimates
- Projection for FY24 is 5.1%

# Net Transfers In

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	23,471,494	25,279,507	23,311,922	23,427,355
Ongoing Dollar Change	3,613,374	1,808,013	(1,967,585)	115,433
Percent Change	18.20	7.70	(7.78)	0.50

- Approximately 1.1% of FY24 ongoing revenues
- Projection is for FY23 to finish at -7.8%
- Increase of 0.5% in FY24

# Alcohol Beverage Tax

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	8,767,726	9,203,968	9,052,323	9,525,054
Ongoing Dollar Change	625,035	436,241	(151,645)	472,731
Percent Change	7.68	4.98	(1.65)	5.22

- Approximately 0.4% of FY24 ongoing revenues
- Year-To-Date (YTD) collections are 2.8% below the same period in FY22
- Projection is for FY23 to finish at -1.6% growth
- Projection of 5.2% growth in FY24



# Bank Franchise Tax

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	18,702,022	22,511,850	21,320,051	19,169,875
Ongoing Dollar Change	6,641,418	3,809,828	(1,191,799)	(2,150,176)
Percent Change	55.07	20.37	(5.29)	(10.09)

- Approximately 0.9% of FY24 ongoing revenues
- Year-To-Date (YTD) collections are 5.1% below the same period in FY22
- Projection is for FY23 to finish at -5.3%
- Projection for FY24 is -10.1%
- CY19 tax deadline moved from April 2020 to July 2020
  - Pushed some receipts to FY21

# Charges for Goods and Services

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	16,444,429	14,804,251	14,844,481	15,333,411
Ongoing Dollar Change	1,040,558	(1,640,178)	40,230	488,930
Percent Change	6.76	(9.97)	0.27	3.29

- Approximately 0.7% of FY24 ongoing revenues
- Year-To-Date (YTD) collections are 2.5% below the same period in FY22
- Projection is for FY23 to finish at 0.3% growth
- Projection for FY24 is 3.3% growth

# Telecommunications Tax

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	3,520,578	2,688,458	2,428,951	2,331,276
Ongoing Dollar Change	(2,443,494)	(832,120)	(259,507)	(97,675)
Percent Change	(40.97)	(23.64)	(9.65)	(4.02)

- Approximately 0.1% of FY24 ongoing revenues
- Year-To-Date (YTD) collections are 13.2% lower than the same period in FY22
- Projection is for FY23 to finish at -9.7%
- Reduction of 4.0% projected in FY24

# Severance Taxes

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	9,810,601	8,033,942	7,262,562	8,465,375
Ongoing Dollar Change	3,928,673	(1,776,659)	(771,380)	1,202,813
Percent Change	66.79	(18.11)	(9.60)	16.56

- Approximately 0.4% of FY24 ongoing revenues
- Collections on precious metals and energy minerals estimated separately
- Year-To-Date (YTD) collections are 9.3% lower than the same period in FY22
- Projection is for FY23 to finish at -9.6%
- Increase of 16.6% in FY24

# Investment Income and Interest

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	18,592,297	19,648,565	13,931,725	20,334,000
Ongoing Dollar Change	7,442,260	1,056,268	(5,716,840)	6,402,275
Percent Change	66.75	5.68	(29.10)	45.95

- Approximately 0.9% of FY24 ongoing revenues
- Majority of collections are in August
- Year-To-Date (YTD) collections are down 29.4% from the same period in FY22
- Projection is for FY23 to finish at -29.1%
- Increase of 46.0% projected in FY24

# Alcohol Beverage 2% Wholesale Tax

	Actual FY2021	Actual FY2022	Estimated FY2023	Estimated FY2024
Total Ongoing Receipts	2,596,157	2,909,711	3,061,296	3,248,831
Ongoing Dollar Change	260,403	313,554	151,585	187,535
Percent Change	11.15	12.08	5.21	6.13

- Approximately 0.1% of FY24 ongoing revenues
- Year-To-Date (YTD) collections are 23.3% above the same period in FY22
- Projection is for FY23 to finish at 5.2%
- Projection for FY24 is 6.1% growth



# Governor's Recommended FY2023 vs. February Revised FY2023

	GOV. REC. FY2023	FEB. REVISED FY2023	DOLLAR CHANGE	PERCENT CHANGE
<b>ONGOING RECEIPTS</b>				
Sales and Use Tax	\$ 1,467,482,227	\$1,475,195,102	\$ 7,712,875	0.53
Lottery	175,756,231	175,695,211	(61,020)	(0.03)
Contractor's Excise Tax	177,624,072	188,182,608	10,558,536	5.94
Insurance Company Tax	110,099,755	110,025,924	(73,831)	(0.07)
Unclaimed Property Receipts	70,678,824	71,281,179	602,355	0.85
Licenses, Permits, and Fees	75,729,924	76,386,690	656,766	0.87
Tobacco Taxes	47,618,873	46,788,308	(830,565)	(1.74)
Trust Funds	46,307,322	46,246,322	(61,000)	(0.13)
Net Transfers In	24,052,525	23,311,922	(740,603)	(3.08)
Alcohol Beverage Tax	9,237,650	9,052,323	(185,327)	(2.01)
Bank Franchise Tax	21,848,429	21,320,051	(528,378)	(2.42)
Charges for Goods and Services	15,644,481	14,844,481	(800,000)	(5.11)
Telecommunications Tax	2,419,644	2,428,951	9,307	0.38
Severance Taxes	7,464,373	7,262,562	(201,811)	(2.70)
Investment Income and Interest	13,931,725	13,931,725	0	0.00
Alcohol Bev 2% Wholesale Tax	3,048,237	3,061,296	13,059	0.43
<b>TOTAL (ONGOING RECEIPTS)</b>	<b>\$ 2,268,944,292</b>	<b>\$2,285,014,655</b>	<b>\$ 16,070,363</b>	<b>0.71</b>
<b>ONE-TIME RECEIPTS</b>				
Bank Franchise Tax Prior Year Revenue	\$ 14,625	\$ 692,349	\$ 677,724	4634.01
Unexpended Carryovers and Specials	8,364,225	8,364,225	0	0.00
Obligated Cash Carried Forward	115,478,433	115,478,433	0	0.00
<b>SUBTOTAL (ONE-TIME RECEIPTS)</b>	<b>\$ 123,857,283</b>	<b>\$ 124,535,007</b>	<b>\$ 677,724</b>	<b>0.55</b>
<b>GRAND TOTAL</b>	<b>\$ 2,392,801,575</b>	<b>\$2,409,549,662</b>	<b>16,748,087</b>	<b>0.70</b>

# Governor's Recommended FY2024 vs. February Revised FY2024

	GOV. REC. FY2024	FEB. REVISED FY2024	DOLLAR CHANGE	PERCENT CHANGE
<b>ONGOING RECEIPTS</b>				
Sales and Use Tax	\$ 1,408,938,421	\$ 1,414,685,166	\$ 5,746,745	0.41
Lottery	178,452,976	178,391,040	(61,936)	(0.03)
Contractor's Excise Tax	178,191,414	187,047,838	8,856,424	4.97
Insurance Company Tax	114,227,770	113,626,130	(601,640)	(0.53)
Unclaimed Property Receipts	51,705,829	52,785,157	1,079,328	2.09
Licenses, Permits, and Fees	76,828,720	77,492,914	664,194	0.86
Tobacco Taxes	46,423,628	45,583,252	(840,376)	(1.81)
Trust Funds	48,628,510	48,601,308	(27,202)	(0.06)
Net Transfers In	24,165,364	23,427,355	(738,009)	(3.05)
Alcohol Beverage Tax	9,689,739	9,525,054	(164,685)	(1.70)
Bank Franchise Tax	19,634,848	19,169,875	(464,973)	(2.37)
Charges for Goods and Services	15,742,669	15,333,411	(409,258)	(2.60)
Telecommunications Tax	2,343,231	2,331,276	(11,955)	(0.51)
Severance Taxes	8,026,540	8,465,375	438,835	5.47
Investment Income and Interest	13,288,500	20,334,000	7,045,500	53.02
Alcohol Bev 2% Wholesale Tax	3,264,117	3,248,831	(15,286)	(0.47)
<b>TOTAL (ONGOING RECEIPTS)</b>	<b>\$ 2,199,552,276</b>	<b>\$ 2,220,047,982</b>	<b>\$ 20,495,706</b>	<b>0.93</b>





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