



JCA Revenue Update – July 2025

Economic Outlook

Sales Tax Growth

Revenue Outlook for FY2026

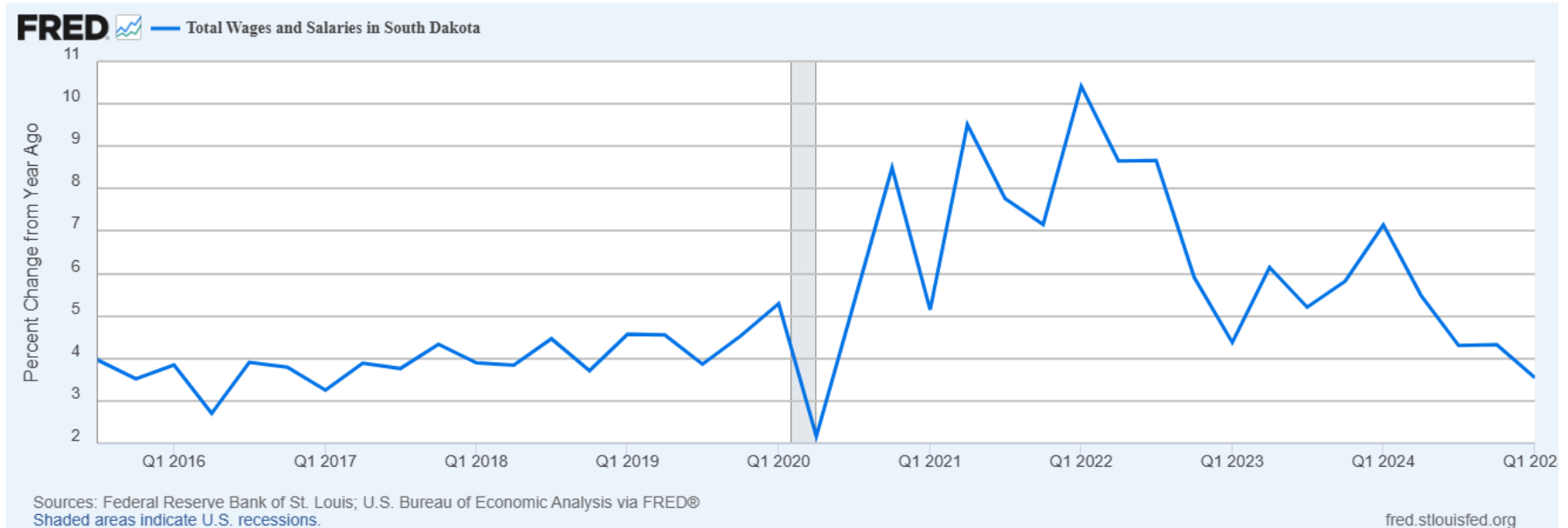
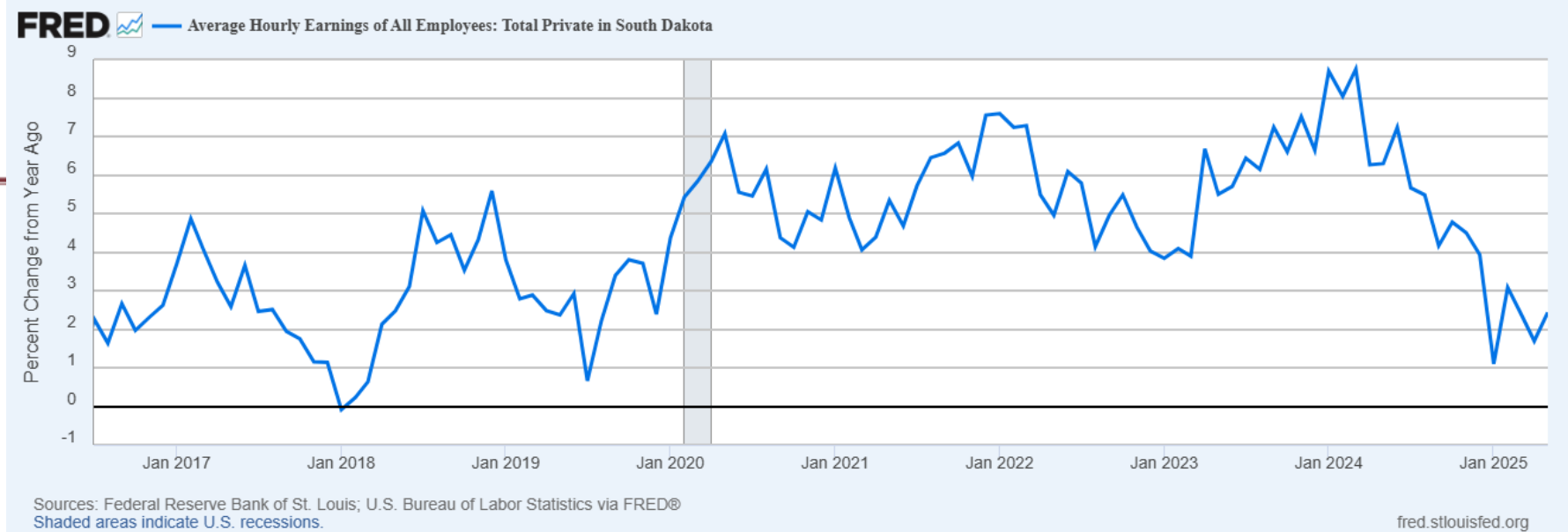


Economic Outlook:

Wages

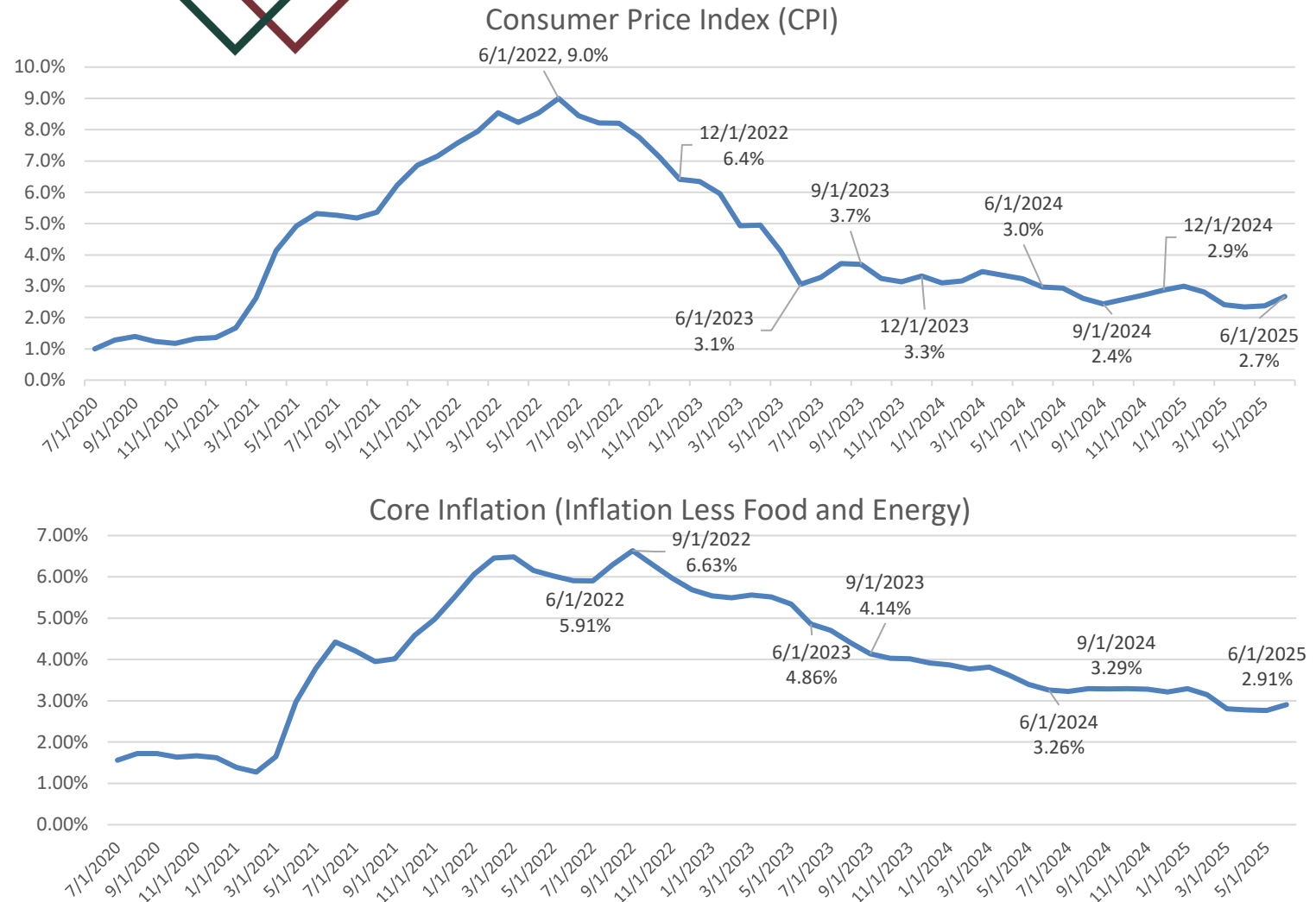


- South Dakota experienced strong wage growth during the COVID years.
- Recent wage growth is minimal and has returned to Pre-COVID levels.



Economic Outlook: Inflation

- Overall, June 2025 CPI at 2.7% Y/Y
Driven mainly by core inflation and food
 - June 2024 CPI: 3.0% Y/Y
 - June 2023 CPI: 3.1% Y/Y
 - The 12-month change in food inflation is 3.0%. June 2024 was 2.28% and June 2023 was 5.8%.
 - The 12-month change in energy inflation is (0.6%). June 2024 was 1.0%. June 2023 was (16.6%).
- June 2025 Core Inflation at 2.91% Y/Y
 - Increases in goods and services are not seeing the disinflation like food and energy.
 - June 2024 growth was 3.28%
 - June 2023 growth was 4.86%
 - An elevated core inflation will result in higher prices.



Revenue Outlook for FY2025



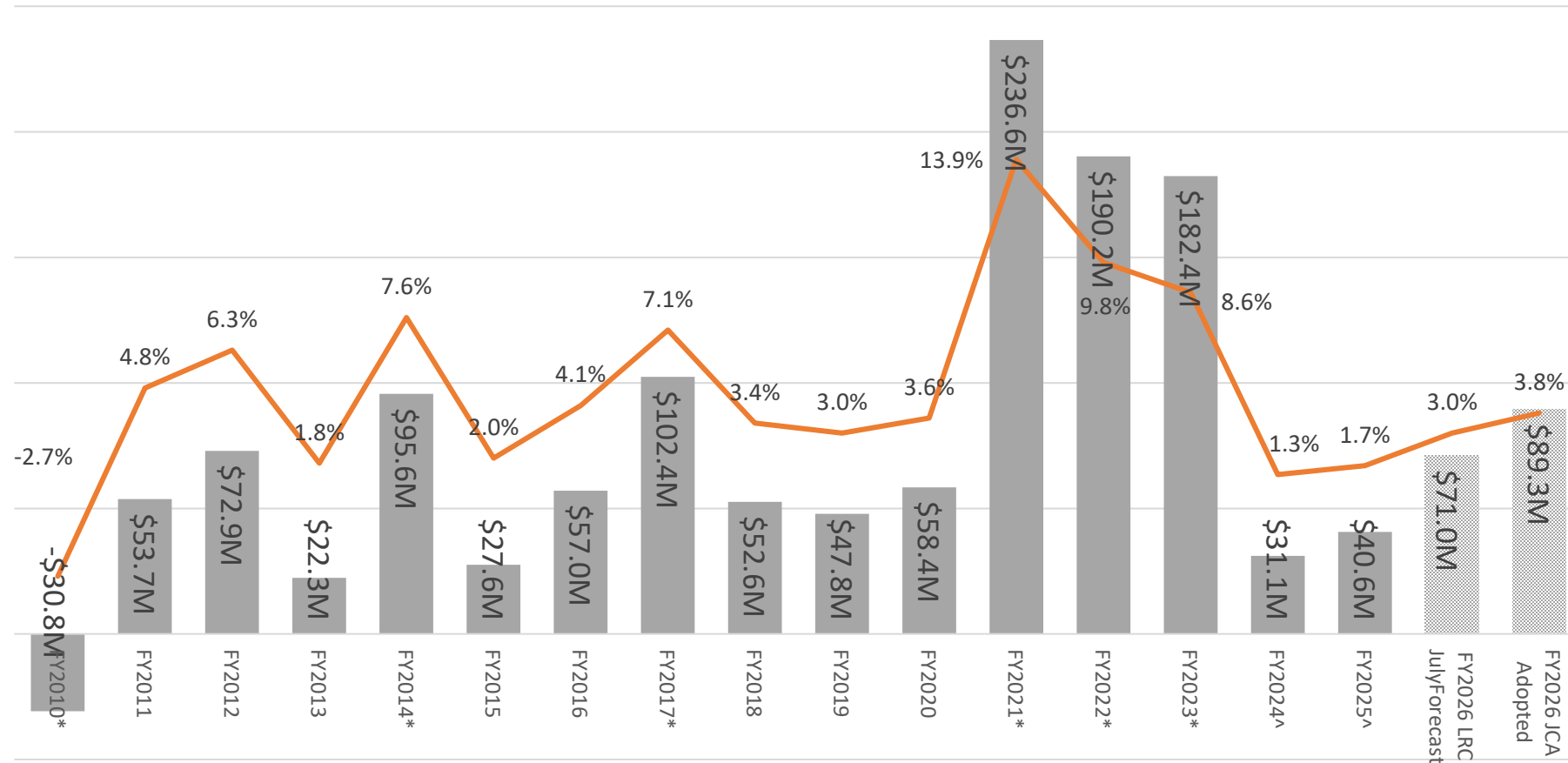
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- Sales tax: consumer demand likely to remain flat, inflation remains elevated, wage growth remains weak
 - LRC July Forecast: \$1,495.8 million; 4.4% growth
 - Contractor's excise tax likely to be flat to minimal growth, number of building permits down, interest rates remain high, inflation elevated.
 - LRC July Forecast: \$222.1 million; 4.8% growth
 - Lottery revenues likely to see flat to minimal growth as inflation outpaces wage inflation.
 - LRC July Forecast: \$179.5 million; 1.6% growth
 - Insurance company tax receipts to remain elevated mainly because of inflationary pressures.
 - LRC July Forecast: \$147.4 million; 4.6% growth
 - Tobacco revenues expected to continue to decline
 - LRC July Forecast: \$40.9 million; (5.7%) growth (excludes transfer change)
 - Unclaimed Property to the general fund will be as adopted.
 - LRC July Forecast: \$61.4 million; Excess to Trust Fund.
 - LRC July on-going general fund revenue forecast of **\$2,451.6 million**.
 - **2.98%** growth in on-going revenue over actual FY2025.
 - LRC July forecast is **(\$23.2 million)** less in total on-going revenue than the LRC Feb. forecast or a difference of (0.9%).
 - Based on the updated revenue forecast, there is estimated to be **(\$18.3 million)** less dollars available to spend during the 2026 legislative session or **(0.7%) less** than budgeted.

Revenue Outlook for FY2025



History of Actual On-going General Fund Receipts	\$ Y/Y Growth	% Y/Y Growth
FY2010*	(30.8)	-2.7%
FY2011	53.7	4.8%
FY2012	72.9	6.3%
FY2013	22.3	1.8%
FY2014*	95.6	7.6%
FY2015	27.6	2.0%
FY2016	57.0	4.1%
FY2017*	102.4	7.1%
FY2018	52.6	3.4%
FY2019	47.8	3.0%
FY2020	58.4	3.6%
FY2021*	236.6	13.9%
FY2022*	190.2	9.8%
FY2023*	182.4	8.6%
FY2024^	31.1	1.3%
FY2025^	40.6	1.7%
10 year avg.	99.9	5.7%
Average w/o Outliers	46.4	3.2%
FY2026 LRC JulyForecast	71.0	3.0%
FY2026 JCA Adopted	89.3	3.8%
*Outlier year		
^Reclassification of Unclaimed Property Receipts		
Amounts not adjusted for inflation		

Yearly Growth of On-going General Fund Receipts



Ongoing General Fund Revenue Estimate to the Joint Committee on Appropriations

	Column (A)	Column (B)	Column (C)	Column (D)	Column (E)	Column (F)	Column (G)	Column (H)	Column (I)	Column (J)	Column (K)	Column (L)
FY24 & FY25 Actuals and FY25 Estimate								FY26 Estimate				
Ongoing Receipts	FY24 Actual	Legislative Revised Adopted FY25 Estimate	FY25 Actual	FY25 Actual Over / (Under) Estimate	FY25 Actual % Over / (Under) Estimate	Adopted Growth over FY24	Actual Growth over FY24	Legislative Adopted (02/2024)	LRC Interim Revenue Estimate	LRC % Difference from Adopted	Legislative Adopted Growth % over FY25 Actual	LRC July Updated Revenue Growth % over FY25 Actual
Sales and Use Tax	1,441,678,770	1,436,351,920	1,432,631,137	(3,720,783)	(0.3%)	(0.4%)	(0.6%)	1,504,777,927	1,495,810,734	(0.6%)	5.0%	4.4%
Lottery	179,328,773	182,428,797	176,650,200	(5,778,597)	(3.2%)	1.7%	(1.5%)	184,511,493	179,529,130	(2.7%)	4.5%	1.6%
Contractor's Excise Tax	216,712,589	212,186,412	212,000,571	(185,841)	(0.1%)	(2.1%)	(2.2%)	219,181,622	222,091,524	1.3%	3.4%	4.8%
Insurance Company Tax	128,189,481	137,846,752	140,941,713	3,094,961	2.2%	7.5%	9.9%	147,217,040	147,441,324	0.2%	4.5%	4.6%
Unclaimed Property	60,245,344	60,253,389	60,253,389	0	0.0%	0.0%	0.0%	61,384,827	61,384,827	0.0%	1.9%	1.9%
Licenses, Permits & Fees	75,761,844	76,510,214	76,648,880	138,666	0.2%	1.0%	1.2%	76,470,370	78,286,319	2.4%	(0.2%)	2.1%
Tobacco Taxes	43,462,155	41,087,770	40,280,193	(807,577)	(2.0%)	(5.5%)	(7.3%)	42,658,578	40,994,500	(3.9%)	5.9%	1.8%
Trust Funds	48,334,193	50,418,168	50,366,006	(52,162)	(0.1%)	4.3%	4.2%	53,182,944	52,786,001	(0.7%)	5.6%	4.8%
Net Transfers In	28,901,042	27,598,739	26,865,300	(733,439)	(2.7%)	(4.5%)	(7.0%)	27,664,450	28,783,655	4.0%	3.0%	7.1%
Alcohol Beverage Tax	8,969,518	8,768,081	8,730,061	(38,020)	(0.4%)	(2.2%)	(2.7%)	9,003,133	8,846,769	(1.7%)	3.1%	1.3%
Bank Franchise Tax	28,659,255	28,531,842	26,180,028	(2,351,814)	(8.2%)	(0.4%)	(8.7%)	28,041,899	28,186,264	0.5%	7.1%	7.7%
Charges for Goods and Services	14,262,896	13,285,458	12,795,105	(490,353)	(3.7%)	(6.9%)	(10.3%)	13,320,300	13,173,139	(1.1%)	4.1%	3.0%
Telecommunications Tax	2,116,069	2,139,457	2,237,317	97,860	4.6%	1.1%	5.7%	2,109,482	2,139,763	1.4%	(5.7%)	(4.4%)
Severance Taxes	10,932,699	14,593,739	14,719,152	125,413	0.9%	33.5%	34.6%	15,423,232	16,839,475	9.2%	4.8%	14.4%
Investment Income and Interest	49,318,506	96,189,309	96,234,677	45,368	0.0%	95.0%	95.1%	81,666,730	72,052,077	(11.8%)	(15.1%)	(25.1%)
Alcohol Beverage 2% Wholesale Tax	3,063,771	3,143,653	3,015,131	(128,522)	(4.1%)	2.6%	(1.6%)	3,209,446	3,174,110	(1.1%)	6.4%	5.3%
Total Ongoing Receipts	2,339,936,905	2,391,333,700	2,380,548,859	(10,784,841)	(0.5%)	2.2%	1.7%	2,469,823,473	2,451,519,611	(0.7%)	3.8%	3.0%

4-8A-16. Submission of independent projections by Bureau of Finance and Management and Legislative Research Council—Proposals for eliminating shortfall. The Bureau of Finance and Management and the Legislative Research Council shall prepare and submit, no later than July thirtieth of each year, independent projections that conform with the provisions of subdivisions 4-7-10(2) and (5) to the Governor or the Governor's designee and the committee created by this chapter. Notwithstanding the provisions of subdivisions 4-7-10(2) and (5), the projections shall contain information of actual revenue for each of the two fiscal years last concluded and the estimated revenue of the current fiscal year.

If either of the estimates provided in this section project a budget shortfall in excess of two and one-half percent of the general fund appropriated budget in the current fiscal year, the Bureau of Finance and Management and the Legislative Research Council shall propose measures to the Governor and the special committee created in chapter 4-8A for eliminating the shortfall. If either of the estimates provided in this section project a budget shortfall in the current or next fiscal year of five percent or greater of the general fund appropriated budget, the Governor shall propose measures to eliminate the shortfall consistent with S.D. Const., Art. 12, § 7. Source: SL 2014, ch 27, § 2.