JCA Revenue Update – July 2026

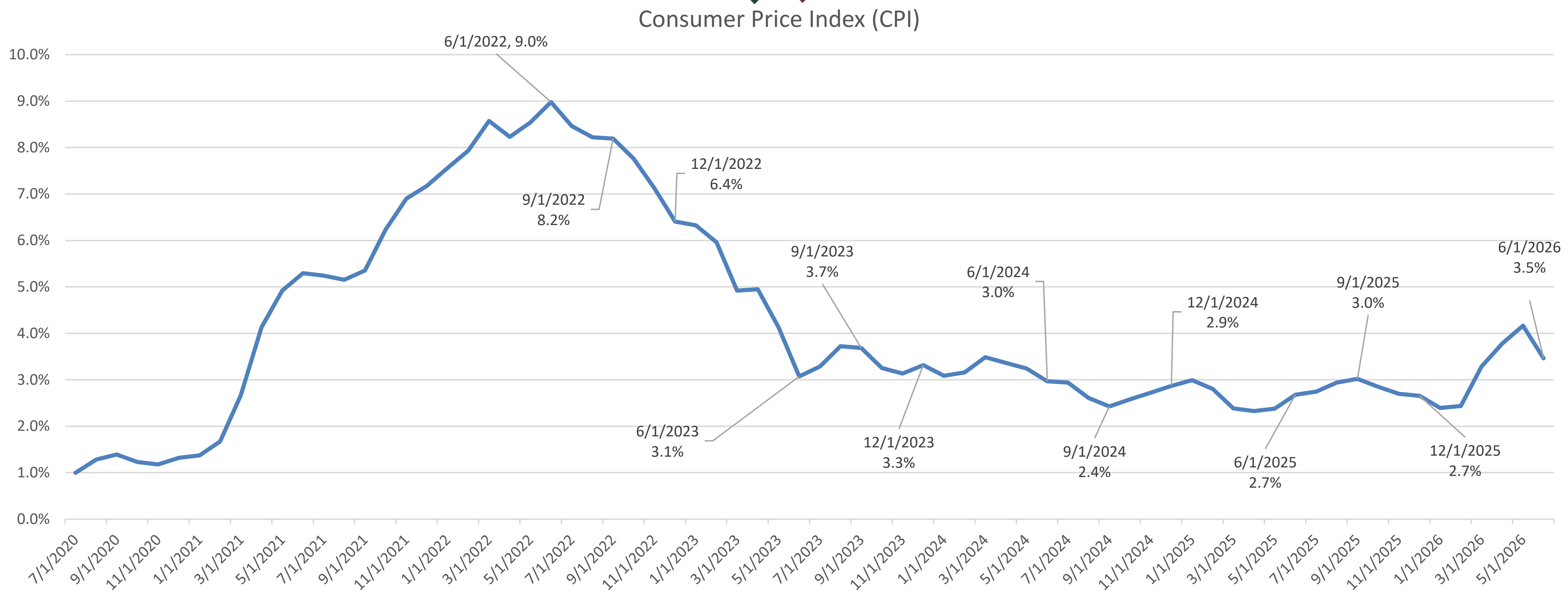
Inflation

Sales Tax Growth

Revenue Outlook for FY2027

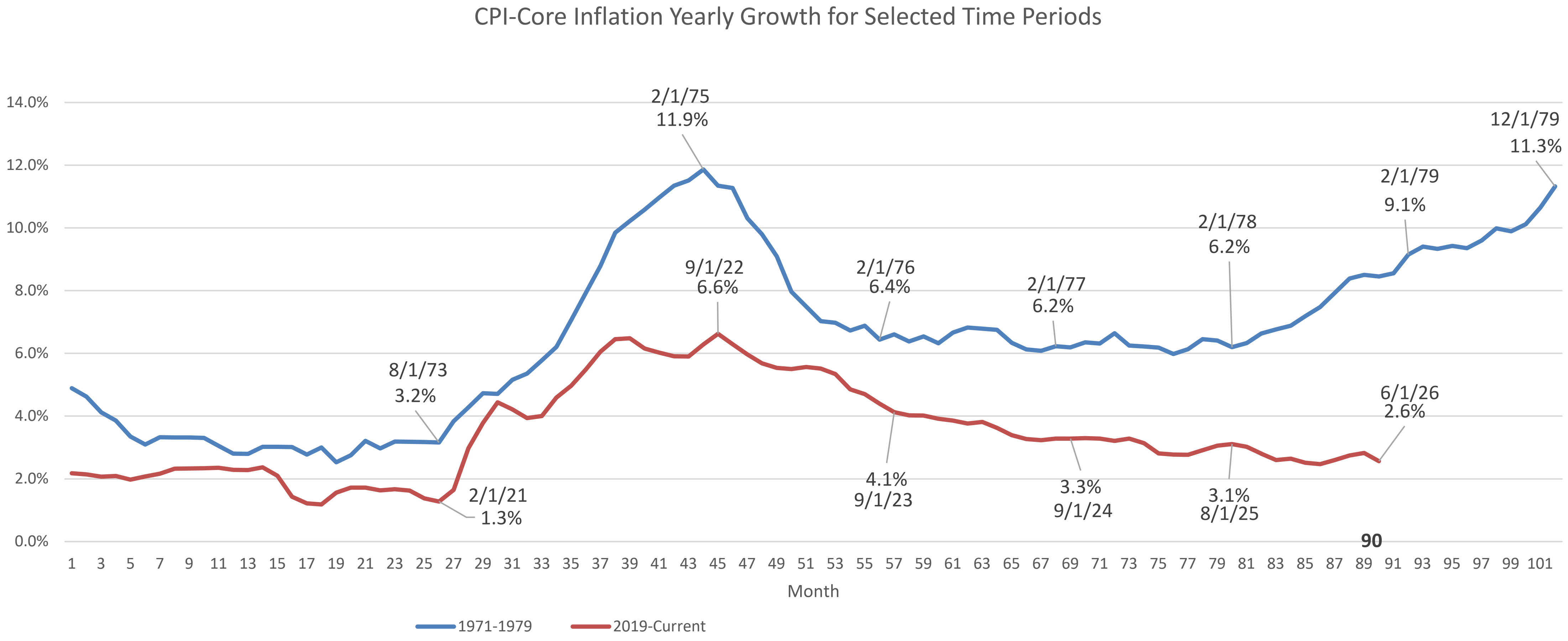
South Dakota
Legislature
Legislative Research Council

Inflation



Consumer Price Index (CPI)
10.0%
9.0%
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
6/1/2022, 9.0%
9/1/2022 8.2%
12/1/2022 6.4%
6/1/2023 3.1%
9/1/2023 3.7%
12/1/2023 3.3%
6/1/2024 3.0%
9/1/2024 2.4%
12/1/2024 2.9%
6/1/2025 2.7%
9/1/2025 3.0%
12/1/2025 2.7%
6/1/2026 3.5%
7/1/2020
9/1/2020
11/1/2020
1/1/2021
3/1/2021
5/1/2021
7/1/2021
9/1/2021
11/1/2021
1/1/2022
3/1/2022
5/1/2022
7/1/2022
9/1/2022
11/1/2022
1/1/2023
3/1/2023
5/1/2023
7/1/2023
9/1/2023
11/1/2023
1/1/2024
3/1/2024
5/1/2024
7/1/2024
9/1/2024
11/1/2024
1/1/2025
3/1/2025
5/1/2025
7/1/2025
9/1/2025
11/1/2025
1/1/2026
3/1/2026
5/1/2026

Inflation



CPI-Core Inflation Yearly Growth for Selected Time Periods
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
2/1/75 11.9%
12/1/79 11.3%
2/1/79 9.1%
2/1/78 6.2%
9/1/22 6.6%
2/1/76 6.4%
2/1/77 6.2%
8/1/73 3.2%
6/1/26 2.6%
2/1/21 1.3%
4.1% 9/1/23
3.3% 9/1/24
3.1% 8/1/25
90
1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39 41 43 45 47 49 51 53 55 57 59 61 63 65 67 69 71 73 75 77 79 81 83 85 87 89 91 93 95 97 99 101
Month
1971-1979
2019-Current

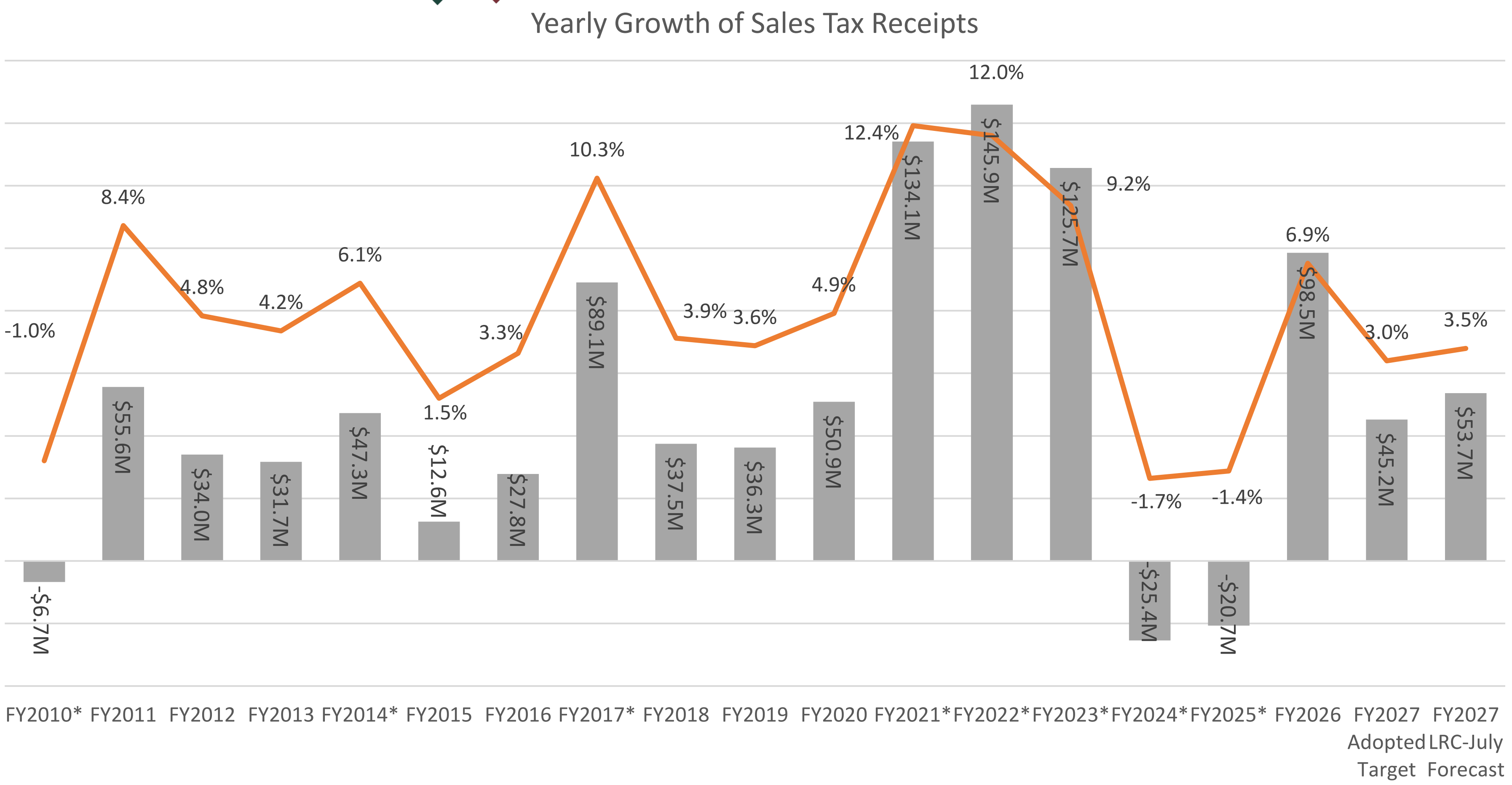
Revenue Outlook for FY2027

- Sales Tax: consumer demand likely to be slightly positive to flat, inflation remains elevated
  - LRC July Forecast: $1.58 billion, 3.5% growth
- Contractor's excise tax likely to be flat to minimal growth, interest rates remain high, inflation elevated.
  - LRC July Forecast: $222.9 million; 2.7% growth
- Lottery revenues likely to see flat to minimal growth as inflation outpaces wage inflation.
  - LRC July Forecast: $185.2 million; 0.2% growth
- Insurance company tax receipts to remain elevated mainly because of inflationary pressures.
  - LRC July Forecast: $149.9 million; 5.5% growth
- Tobacco revenues expected to continue to decline
  - LRC July Forecast: $39.9 million; (5.5%) growth
- Unclaimed Property to the general fund will be as adopted.
  - LRC July Forecast: $58.0 million; Excess to Trust Fund.

- LRC July on-going general fund revenue forecast of **$2,538,010,004**.
- **1.5%** growth in on-going revenue over actual FY2026.
- LRC July forecast is (**$24.0 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 (**$13.33 million) less** dollars available to spend during the 2027 legislative session or **(0.5%) less** than budgeted.

Revenue Outlook for FY2027

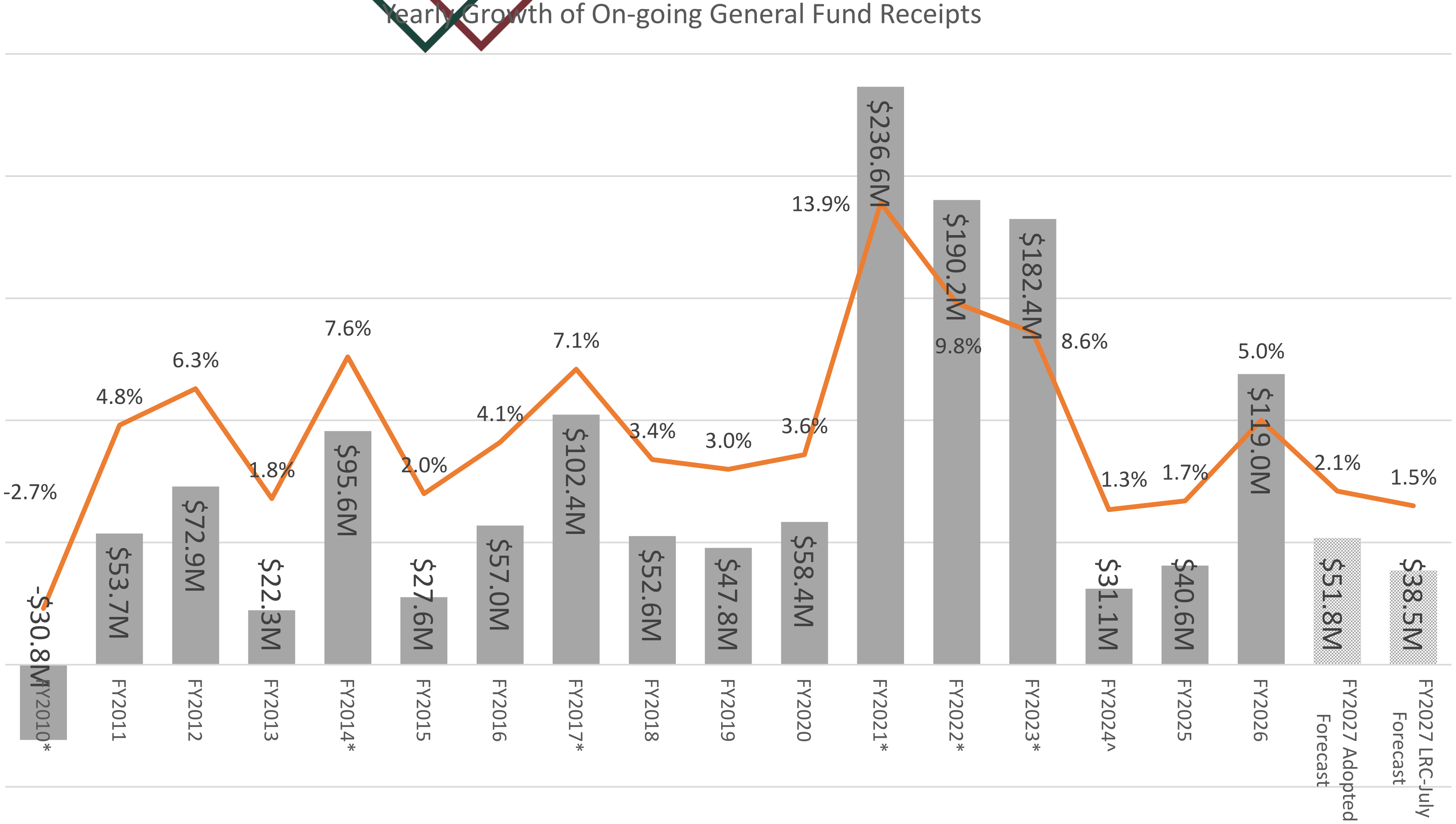
History of Actual Sales Tax Receipts by Fiscal Year	$ Y/Y Growth	% Y/Y Growth
FY2010*	(6.7)	-1.0%
FY2011	55.6	8.4%
FY2012	34.0	4.8%
FY2013	31.7	4.2%
FY2014*	47.3	6.1%
FY2015	12.6	1.5%
FY2016	27.8	3.3%
FY2017*	89.1	10.3%
FY2018	37.5	3.9%
FY2019	36.3	3.6%
FY2020	50.9	4.9%
FY2021*	134.1	12.4%
FY2022*	145.9	12.0%
FY2023*	125.7	9.2%
FY2024*	(25.4)	-1.7%
FY2025*	(20.7)	-1.4%
FY2026	98.5	6.9%
10 year avg.	67.2	6.0%
Average w/o Outliers	42.8	4.6%
FY2027 Adopted Target	45.2	3.0%
FY2027 LRC-July Forecast	53.7	3.5%
*Outlier year		
Amounts not adjusted for inflation		
Does not inclulde cost of administration		



Revenue Outlook for FY2027

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%
FY2026	119.0	5.0%
10 year avg.	106.1	5.7%
Average w/o Outliers	53.0	3.4%
FY2027 Adopted Forecast	51.8	2.1%
FY2027 LRC-July Forecast	38.5	1.5%

*Outlier year
^Start of Reclassification of Unclaimed Property Receipts
Amounts not adjusted for inflation



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)
	FY25 & FY26 Actuals and FY26 Estimate							**FY27 Estimate**				
Ongoing Receipts	**FY25 Actual**	**Legislative Revised Adopted FY26 Estimate**	**FY26 Actual**	**FY26 Actual Over / (Under) Estimate**	**FY26 Actual % Over / (Under) Estimate**	**Adopted Growth over FY25**	**Actual Growth over FY25**	**Legislative Adopted (02/2026)**	**LRC Interim Revenue Estimate**	**LRC % Difference from Adopted**	**Legislative Adopted Growth % over FY26 Actual**	**LRC July Updated Revenue Growth % over FY26 Actual**
Sales and Use Tax	1,432,631,137	1,509,789,226	1,531,140,901	21,351,675	1.4%	5.4%	6.9%	1,576,343,748	1,584,864,343	0.5%	3.0%	3.5%
Lottery	176,650,200	183,588,379	184,771,439	1,183,060	0.6%	3.9%	4.6%	184,876,174	185,163,332	0.2%	0.1%	0.2%
Contractor's Excise Tax	212,000,571	217,597,092	217,065,455	(531,637)	(0.2%)	2.6%	2.4%	223,838,694	222,919,670	(0.4%)	3.1%	2.7%
Insurance Company Tax	140,941,713	152,947,123	142,019,085	(10,928,038)	(7.1%)	8.5%	0.8%	161,862,041	149,883,324	(7.4%)	14.0%	5.5%
Unclaimed Property	60,245,344	61,384,827	62,741,618	1,356,791	2.2%	1.9%	4.1%	58,000,000	58,000,000	0.0%	(7.6%)	(7.6%)
Licenses, Permits & Fees	76,648,880	77,064,730	79,357,600	2,292,870	3.0%	0.5%	3.5%	77,762,316	80,164,523	3.1%	(2.0%)	1.0%
Tobacco Taxes	40,280,193	42,608,593	41,934,395	(674,198)	(1.6%)	5.8%	4.1%	40,904,630	39,643,724	(3.1%)	(2.5%)	(5.5%)
Trust Funds	50,366,006	52,387,122	52,387,122	0	0.0%	4.0%	4.0%	53,216,100	53,216,100	0.0%	1.6%	1.6%
Net Transfers In	26,865,300	27,996,339	31,434,122	3,437,783	12.3%	4.2%	17.0%	28,531,118	29,576,298	3.7%	(9.2%)	(5.9%)
Alcohol Beverage Tax	8,730,061	8,863,062	8,521,457	(341,605)	(3.9%)	1.5%	(2.4%)	8,950,406	8,252,824	(7.8%)	5.0%	(3.2%)
Bank Franchise Tax	26,180,028	29,987,599	35,345,706	5,358,107	17.9%	14.5%	35.0%	29,939,382	32,387,183	8.2%	(15.3%)	(8.4%)
Charges for Goods and Services	12,795,105	13,127,959	13,609,755	481,796	3.7%	2.6%	6.4%	13,242,006	13,241,346	(0.0%)	(2.7%)	(2.7%)
Telecommunications Tax	2,237,317	3,002,749	3,190,014	187,265	6.2%	34.2%	42.6%	3,041,957	3,352,653	10.2%	(4.6%)	5.1%
Severance Taxes	14,719,152	23,988,265	20,709,249	(3,279,016)	(13.7%)	63.0%	40.7%	24,831,062	20,890,525	(15.9%)	19.9%	0.9%
Investment Income and Interest	96,234,677	72,101,052	72,241,654	140,602	0.2%	(25.1%)	(24.9%)	62,788,238	53,336,886	(15.1%)	(13.1%)	(26.2%)
Alcohol Beverage 2% Wholesale Tax	3,015,131	3,137,273	3,025,954	(111,319)	(3.5%)	4.1%	0.4%	3,212,646	3,117,273	(3.0%)	6.2%	3.0%
Total Ongoing Receipts	**2,380,540,813**	**2,479,571,390**	**2,499,495,524**	**19,924,134**	**0.8%**	**4.2%**	**5.0%**	**2,551,340,518**	**2,538,010,004**	(0.5%)	**2.1%**	**1.5%**

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.