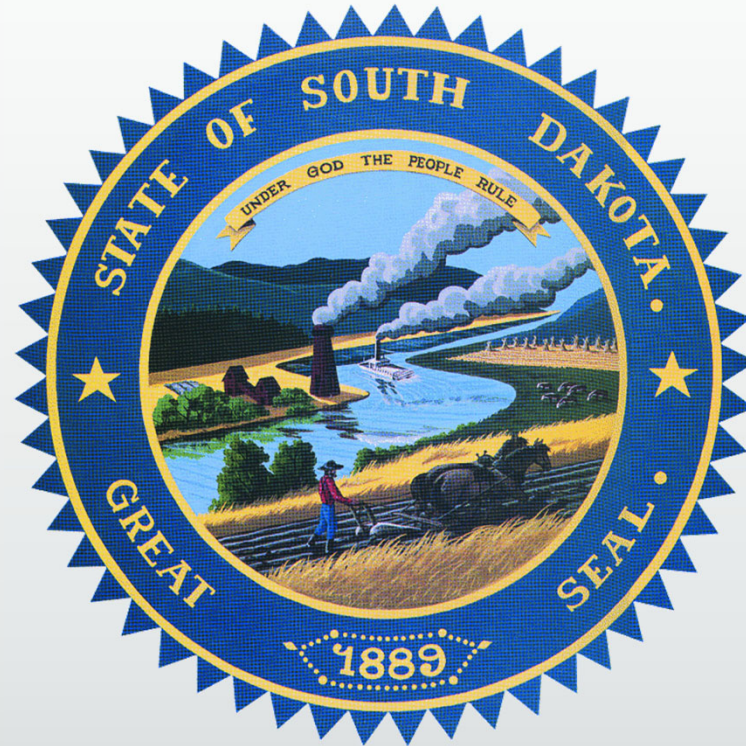


# Revised Revenue Estimates

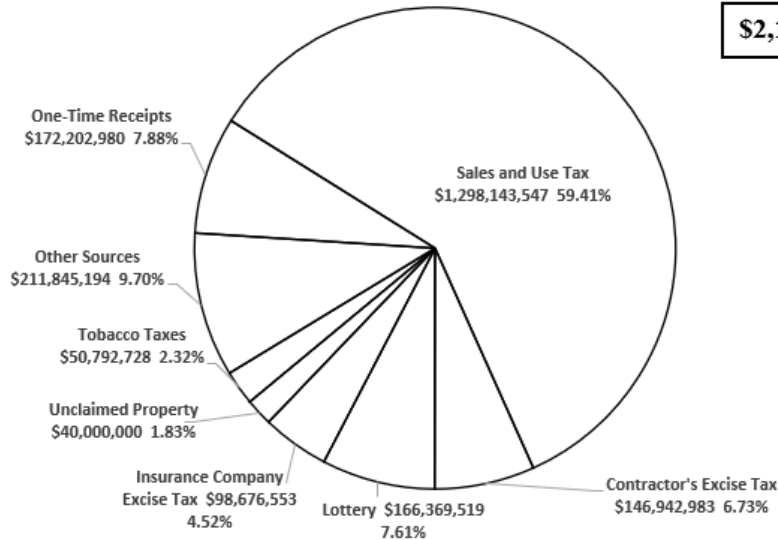


South Dakota Bureau Of Finance and Management  
February 14, 2022

# FY2022 and FY2023 Revised Estimate

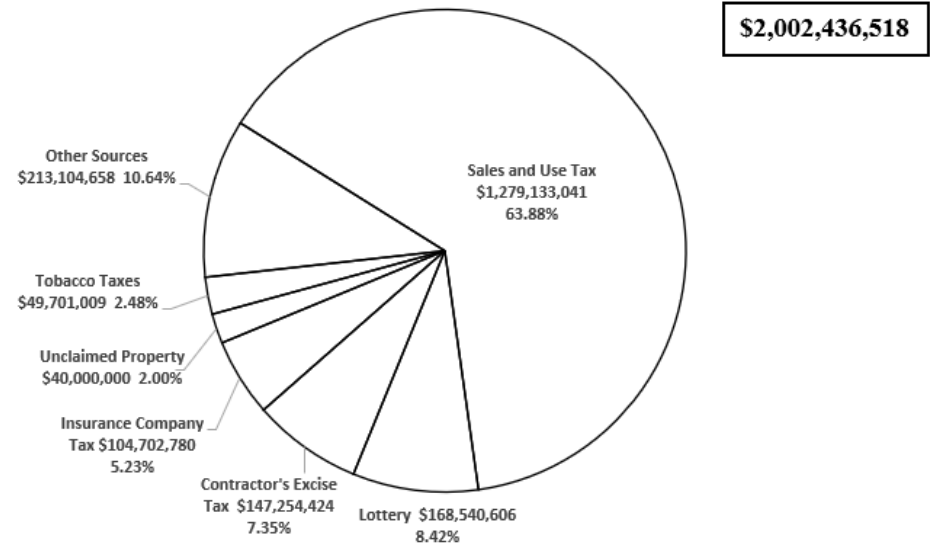
## FY2022 General Fund Revenues

**\$2,184,973,504**



## FY2023 General Fund Revenues

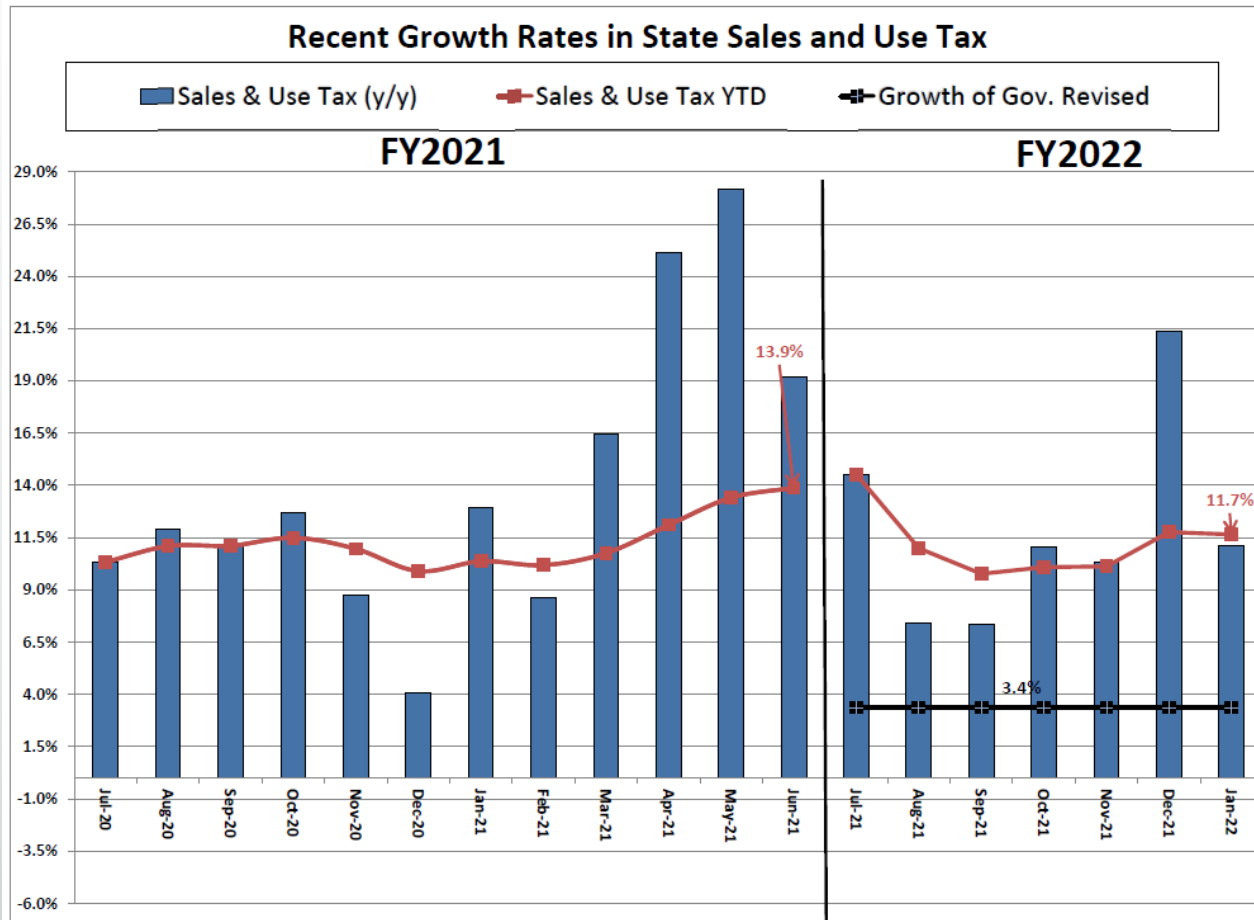
**\$2,002,436,518**



## Key Economic Indicators For February Revised (Jan '22)

	2017	2018	2019	2020	2021 f	2022 f	2023 f	'10-'20 avg.
SD NF Employment	0.4%	0.9%	0.6%	-3.4%	2.5%	2.0%	1.2%	0.6%
SD NF Income	3.7%	3.9%	5.7%	5.3%	5.9%	2.1%	5.6%	4.5%
SD Pers. Income	3.5%	5.1%	5.5%	9.0%	8.1%	-1.3%	5.0%	4.6%
SD Housing Starts	5,030	4,764	4,078	6,010	6,944	5,197	4,622	4,450
SD Unempl. Rate	3.1%	2.9%	3.0%	4.7%	2.9%	2.7%	2.8%	3.7%
US Inflation Rate	2.1%	2.4%	1.8%	1.3%	4.7%	4.5%	2.0%	1.7%

# Sales and Use Tax



# Sales and Use Tax

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Total Ongoing Receipts	1,072,830,649	1,209,342,342	1,298,143,547	1,279,133,041
Ongoing Dollar Change	47,429,440	136,511,693	88,801,205	(19,010,506)
Percent Change	4.63	12.72	7.34	(1.46)

- Approximately 63.9% of FY23 ongoing revenues
- Year To Date (YTD) collections are 11.7% above the same period in FY21
- Average annual increase between FY11 and FY20 is 4.7%, when adjusted for tax increase in FY2017 is 3.4%
- Projection is for FY22 to finish at 7.3% growth
- Reduction of 1.5% in FY23

# Sales and Use Tax



## SOUTH DAKOTA LEGISLATURE IN FOCUS

### REVENUE PROJECTIONS

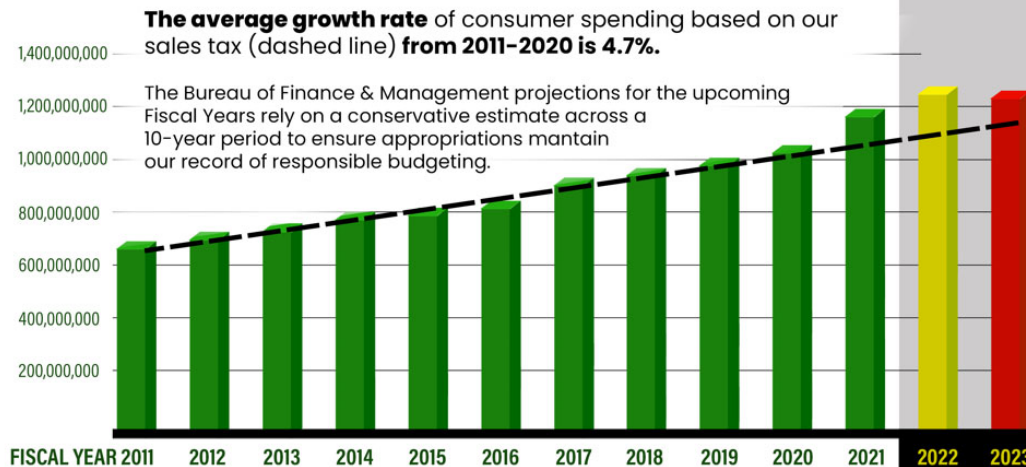
South Dakota has seen record increases in revenue over the past two years. That growth is not sustainable.

The Bureau of Finance and Management and the Department of Revenue are projecting that the year-over-year growth in sales tax will have a natural reduction as consumer spending levels out to normal levels.

This will come as direct federal stimulus to consumers fades. Inflation, supply chain issues, drought, and other factors are also likely to contribute to a correction in revenue growth.

Our state is leading the nation in fiscal responsibility, and these estimates support that responsibility.

### SD SALES TAX COLLECTIONS 2011-2021



# Sales and Use Tax

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# Lottery

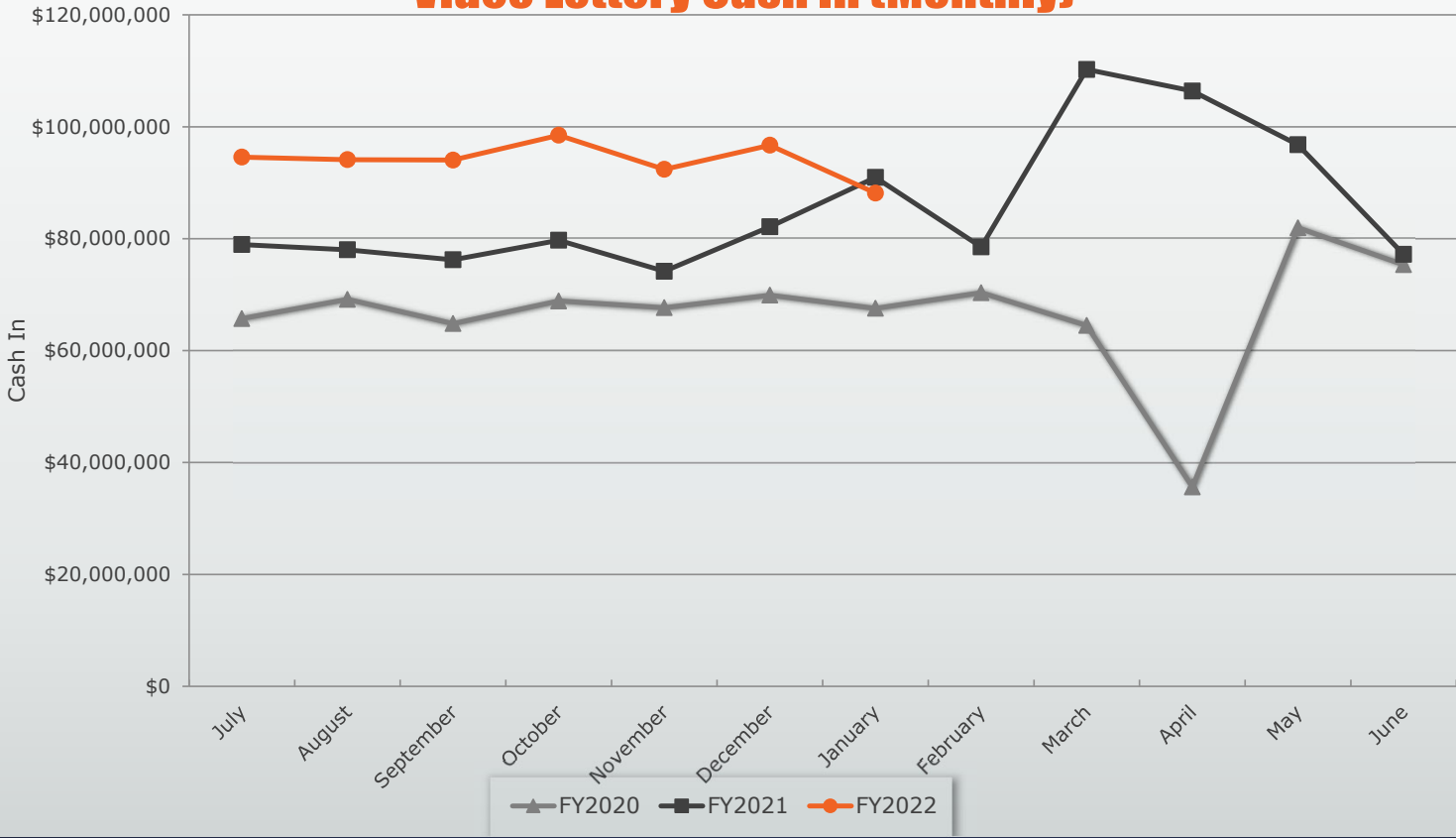
	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Instant/Online Lottery	7,160,814	7,716,398	8,782,639	10,165,792
Video Lottery	115,328,187	147,810,651	157,586,880	158,374,814
<b>Total Receipts</b>	<b>122,489,001</b>	<b>155,527,049</b>	<b>166,369,519</b>	<b>168,540,606</b>
Dollar Change	(1,326,501)	33,038,048	10,842,470	2,171,087
Percent Change	(1.07)	26.97	6.97	1.30

- Approximately 8.4% of FY23 ongoing revenues
- YTD revenues are 17.2% above the same period in FY21
- Projection is for FY22 to finish at 7.0% growth
- Growth of 1.3% in FY23



# Lottery

## Video Lottery Cash In (Monthly)



# Contractor's Excise Tax

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	123,723,519	144,448,267	146,942,983	147,254,424
Dollar Change	10,559,902	20,724,748	2,494,716	311,441
Percent Change	9.33	16.75	1.73	0.21

- Approximately 7.4% of FY2023 ongoing revenues
- YTD collections are 4.8% above the same period in FY21
- Projection is for FY22 to finish at 1.7% growth
- Growth of 0.2% in FY23

# Insurance Company Tax

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	93,271,112	97,010,439	98,676,553	104,702,780
Dollar Change	2,923,571	3,739,327	1,666,114	6,026,227
Percent Change	3.24	4.01	1.72	6.11

- Approximately 5.2% of FY23 ongoing revenues
- YTD collections are 0.6% higher than the same period in FY21
- Projection is for FY22 to finish at 1.7% growth
- Growth of 6.1% in FY23
- Premium growth expected

# Unclaimed Property

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Ongoing Receipts	47,308,472	62,809,930	40,000,000	40,00,000
Dollar Change	(1,265,128)	15,501,458	(22,809,930)	0
Percent Change	(2.60)	32.77	(36.32)	0
One-Time Receipts			24,260,701	0
Total Receipts			64,260,701	40,000,000

- Approximately 2.0% of FY2023 ongoing revenues
- Foreign claims activity continues to be significantly reduced

# Licenses, Permits, and Fees

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	68,277,940	71,212,896	72,461,173	72,520,464
Dollar Change	(480,129)	2,934,956	1,248,277	59,291
Percent Change	(0.70)	4.30	1.75	0.08

- Approximately 3.6% of FY23 ongoing revenues
- 65+% of revenue from securities fees
- Projection is for FY22 to finish at 1.8% growth
- Growth of 0.1% in FY23

# Tobacco Taxes

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	51,066,112	52,314,193	50,792,728	49,701,009
Dollar Change	1,094,895	1,248,081	(1,521,465)	(1,091,719)
Percent Change	2.19	2.44	(2.91)	(2.15)

- Approximately 2.5% of FY23 ongoing revenues
- YTD collections were 3.1% lower than the same period in FY21 as of December.
- Projection is for FY22 to finish at -2.9%
- Reduction of 2.2% in FY23

# Tobacco Taxes

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
General Fund	30,000,000	30,000,000	30,000,000	30,000,000
TPRTF	5,000,000	5,000,000	5,000,000	5,000,000
Remainder to GF	21,066,112	22,314,193	20,792,728	19,701,009
<b>Total</b>	<b>56,066,112</b>	<b>57,314,193</b>	<b>55,792,728</b>	<b>54,701,009</b>

# Trust Funds

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	39,859,256	41,628,039	43,495,271	46,540,322
Dollar Change	1,331,320	1,768,783	1,867,232	3,045,051
Percent Change	3.46%	4.44%	4.49%	7.00%

- Approximately 2.3% of FY23 ongoing revenues
- Projections for FY22 based on actuals for HCTF and EETF, and projection for DCTF
- Projection for FY22 is 4.5%
- FY23 based on SDIC estimates
- Projection for FY23 is 7.0%



# Trust Funds

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
HCTF	5,520,073	5,676,706	5,839,236	6,612,325
EETF	21,334,593	22,515,470	23,673,657	25,277,997
DCTF	13,004,590	13,435,863	13,982,377	14,650,000
<b>Total</b>	<b>37,859,256</b>	<b>41,628,039</b>	<b>43,495,271</b>	<b>46,540,322</b>

# Net Transfers In

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	19,858,120	23,471,494	22,671,407	23,299,948
Dollar Change	(3,969,020)	3,613,374	(800,087)	628,541
Percent Change	(16.66)	18.20	(3.41)	2.77

- Approximately 1.2% of FY23 ongoing revenues
- YTD collections are 12.5% higher than the same period in FY21
- Projection is for FY22 to finish at -3.4%
- Increase of 2.8% in FY23

# Alcohol Beverage Tax

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	8,142,691	8,767,726	8,920,483	9,075,900
Dollar Change	297,441	625,035	152,757	155,417
Percent Change	3.79	7.68	1.74	1.74

- Approximately 0.5% of FY23 ongoing revenues
- YTD collections are 3.0% above the same period in FY21
- Projection is for FY22 to finish at 1.7% growth
- Projection of 1.7% growth in FY23

# Bank Franchise Tax

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	12,060,604	18,702,022	16,080,223	17,151,487
Dollar Change	(5,195,516)	6,641,418	(2,621,799)	1,071,264
Percent Change	(30.11)	55.07	(14.02)	6.66

- Approximately 0.9% of FY23 ongoing revenues
- YTD collections are \$4.9 million
- FY20 tax deadline moved from April to July
  - Pushed some receipts to FY21

# Charges for Goods and Services

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Ongoing Receipts	15,403,871	16,444,429	15,264,298	15,396,902
Dollar Change	(608,774)	1,040,558	(1,180,131)	132,604
Percent Change	(3.80)	6.76	(7.18)	0.87

- Approximately 0.8% of FY23 ongoing revenues
- YTD collections are 20.0% below the same period in FY21
- Projection is for FY22 to finish at -7.2%
- Projection for FY23 is 0.9% growth

# Telecommunications Tax

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	5,964,072	3,520,578	2,912,928	2,854,669
Dollar Change	874,304	(2,443,494)	(607,650)	(58,259)
Percent Change	17.18	(40.97)	(17.26)	(2.00)

- Approximately 0.1% of FY23 ongoing revenues
- YTD collections are 30.1% lower than the same period in FY21
- Projection is for FY22 to finish at -17.3%
- Reduction of 2.0% projected in FY23

# Severance Taxes

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	5,881,928	9,810,601	7,652,347	7,139,220
Dollar Change	1,647,722	3,928,673	(2,158,254)	(513,127)
Percent Change	38.91	66.79	(22.00)	(6.71)

- Approximately 0.4% of FY23 ongoing revenues
- Collections on precious metals and energy minerals estimated separately
- YTD collections are 38.3% lower than the same period in FY21
- Projection is for FY22 to finish at -22.0%
- Reduction of 6.7% in FY23

# Investment Income and Interest

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	11,150,037	18,592,297	19,697,445	16,289,391
Dollar Change	4,920,733	7,442,260	1,105,148	(3,408,054)
Percent Change	78.99	66.75	5.94	(17.30)

- Approximately 0.8% of FY23 ongoing revenues
- Majority of collections are in August
- YTD collections are 6.0% above the same period in FY21
- Projection is for FY22 to finish at 5.9%
- Reduction of 17.3% projected in FY23



# Alcohol Beverage 2% Wholesale Tax

	Actual FY2020	Actual FY2021	Estimated FY2022	Estimated FY2023
Net Receipts	2,335,754	2,596,157	2,689,619	2,836,355
Dollar Change	185,597	260,403	93,462	146,736
Percent Change	8.63	11.15	3.60	5.46

- Approximately 0.1% of FY23 ongoing revenues
- YTD collections are 11.2% below the same period in FY21
- Projection is for FY22 to finish at 3.6%
- Projection for FY23 is 5.5% growth

# Governor's Revised FY2022 VS. February Revised FY2022

	<b>GOV. REC. FY2022</b>	<b>FEB. REVISED FY2022</b>	<b>DOLLAR CHANGE</b>	<b>PERCENT CHANGE</b>
<b>ONGOING RECEIPTS</b>				
Sales and Use Tax	1,250,085,781	1,298,143,547	48,057,766	3.84
Lottery	161,112,839	166,369,519	5,256,680	3.26
Contractor's Excise Tax	147,591,027	146,942,983	(648,044)	(0.44)
Insurance Company Tax	100,643,775	98,676,553	(1,967,222)	(1.95)
Unclaimed Property Receipts	40,000,000	40,000,000	0	0.00
Licenses, Permits, and Fees	70,591,134	72,461,173	1,870,039	2.65
Tobacco Taxes	51,132,177	50,792,728	(339,449)	(0.66)
Trust Funds	43,501,898	43,495,271	(6,627)	(0.02)
Net Transfers In	22,489,602	22,671,407	181,805	0.81
Alcohol Beverage Tax	8,840,735	8,920,483	79,748	0.90
Bank Franchise Tax	17,911,177	16,080,223	(1,830,954)	(10.22)
Charges for Goods and Services	15,412,432	15,264,298	(148,134)	(0.96)
Telecommunications Tax	3,049,859	2,912,928	(136,931)	(4.49)
Severance Taxes	7,859,847	7,652,347	(207,500)	(2.64)
Investment Income and Interest	19,738,729	19,697,445	(41,284)	(0.21)
Alcohol Bev 2% Wholesale Tax	2,690,958	2,689,619	(1,339)	(0.05)
<b>TOTAL (ONGOING RECEIPTS)</b>	<b>\$1,962,651,970</b>	<b>\$2,012,770,524</b>	<b>\$ 50,118,554</b>	<b>2.55</b>
<b>ONE-TIME RECEIPTS</b>				
Bank Franchise Tax Prior Year Revenue	0	416,316	416,316	N/A
One-Time Sales and Use Tax	28,305,843	28,305,843	0	0.00
One-Time Unclaimed Property Receipts	14,887,304	24,260,701	9,373,397	62.96
Transfer from Budget Reserve Fund	28,012,008	28,012,008	0	0.00
Obligated Cash Carried Forward	85,875,130	85,875,130	0	0.00
Prior Period Adjustment	5,332,982	5,332,982	0	0.00
<b>SUBTOTAL (ONE-TIME RECEIPTS)</b>	<b>\$ 162,413,267</b>	<b>\$ 172,202,980</b>	<b>\$ 9,789,713</b>	<b>6.03</b>
<b>GRAND TOTAL</b>	<b>\$2,125,065,237</b>	<b>\$2,184,973,504</b>	<b>\$59,908,267</b>	<b>2.82</b>

# Governor's Recommended FY2023 VS. February Revised FY2023

	<b>GOV. REC. FY2023</b>	<b>FEB. REVISED FY2023</b>	<b>DOLLAR CHANGE</b>	<b>PERCENT CHANGE</b>
<b>ONGOING RECEIPTS</b>				
Sales and Use Tax	1,255,854,578	1,279,133,041	23,278,463	1.85
Lottery	164,019,294	168,540,606	4,521,312	2.76
Contractor's Excise Tax	150,205,144	147,254,424	(2,950,720)	(1.96)
Insurance Company Tax	104,242,670	104,702,780	460,110	0.44
Unclaimed Property Receipts	40,000,000	40,000,000	0	0.00
Licenses, Permits, and Fees	70,666,353	72,520,464	1,854,111	2.62
Tobacco Taxes	50,008,340	49,701,009	(307,331)	(0.61)
Trust Funds	46,573,031	46,540,322	(32,709)	(0.07)
Net Transfers In	23,115,825	23,299,948	184,123	0.80
Alcohol Beverage Tax	9,044,956	9,075,900	30,944	0.34
Bank Franchise Tax	17,021,259	17,151,487	130,228	0.77
Charges for Goods and Services	15,545,036	15,396,902	(148,134)	(0.95)
Telecommunications Tax	2,988,861	2,854,669	(134,192)	(4.49)
Severance Taxes	7,531,720	7,139,220	(392,500)	(5.21)
Investment Income and Interest	16,213,891	16,289,391	75,500	0.47
Alcohol Bev 2% Wholesale Tax	2,837,966	2,836,355	(1,611)	(0.06)
<b>TOTAL (ONGOING RECEIPTS)</b>	<b>\$1,975,868,924</b>	<b>\$2,002,436,518</b>	<b>\$ 26,567,594</b>	<b>1.34</b>

# Revised Revenue Estimates

Questions?