



REVISED REVENUE ESTIMATES

*BUREAU OF FINANCE AND
MANAGEMENT - 2/12/2025*



ECONOMIC OUTLOOK



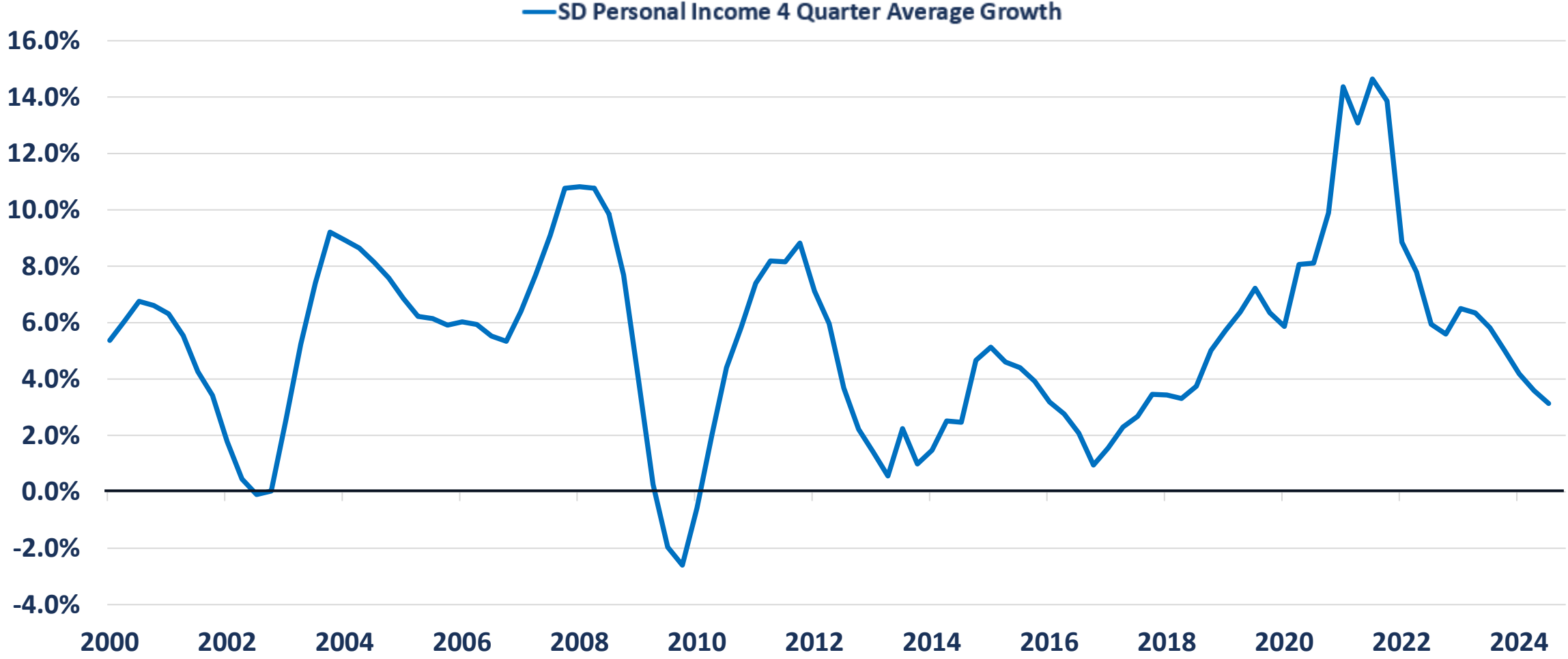
Economic Assumptions

- Baseline national forecast is for no recession
- Employment growth projected to slow both nationally and in South Dakota
- Continued Personal Income growth in South Dakota
- Slight increase in Unemployment Rate in South Dakota but still below average
- Two rate cuts by Federal Open Market Committee in 2025
- CPI forecast to rise 2.9% in 2025 and 3.3% in 2025

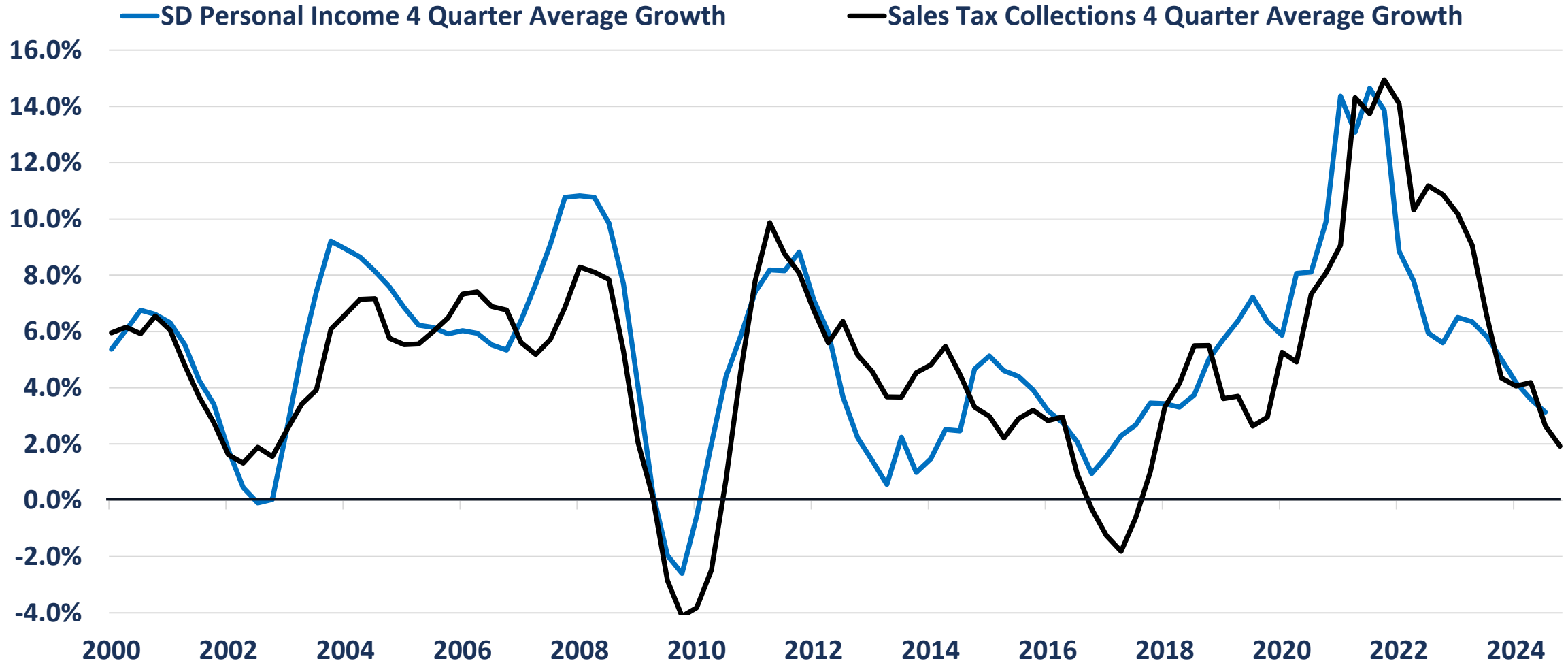
Key Economic Indicators

	2019	2020	2021	2022	2023	2024	2025 f	2026 f	'14-'24 avg.
SD Real GDP Growth	1.1%	0.5%	5.2%	-0.5%	3.6%	0.5%	1.6%	2.5%	1.6%
SD Nonfarm Employment	0.6%	-3.3%	3.4%	2.8%	2.1%	1.2%	0.4%	0.1%	1.1%
SD Personal Income	6.4%	9.9%	13.9%	5.6%	5.0%	3.1%	5.7%	6.3%	5.5%
SD Housing Starts	4,248	6,073	7,725	7,432	6,040	5,586	5,370	4,607	5,564
SD Unemployment Rate	2.8%	4.2%	2.6%	2.0%	2.0%	2.0%	2.3%	2.6%	2.8%
US Inflation Rate	1.8%	1.2%	4.7%	8.0%	4.1%	3.0%	2.9%	3.3%	2.8%

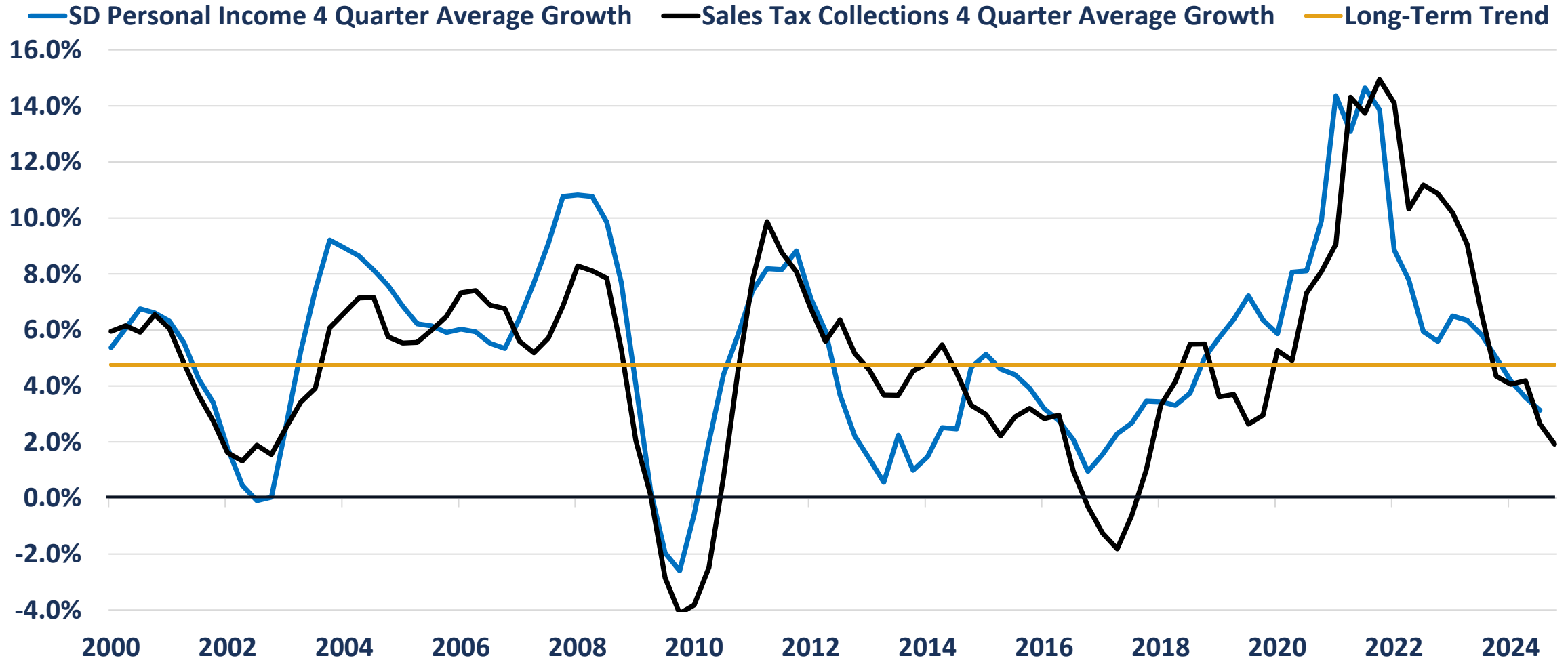
SD Personal Income



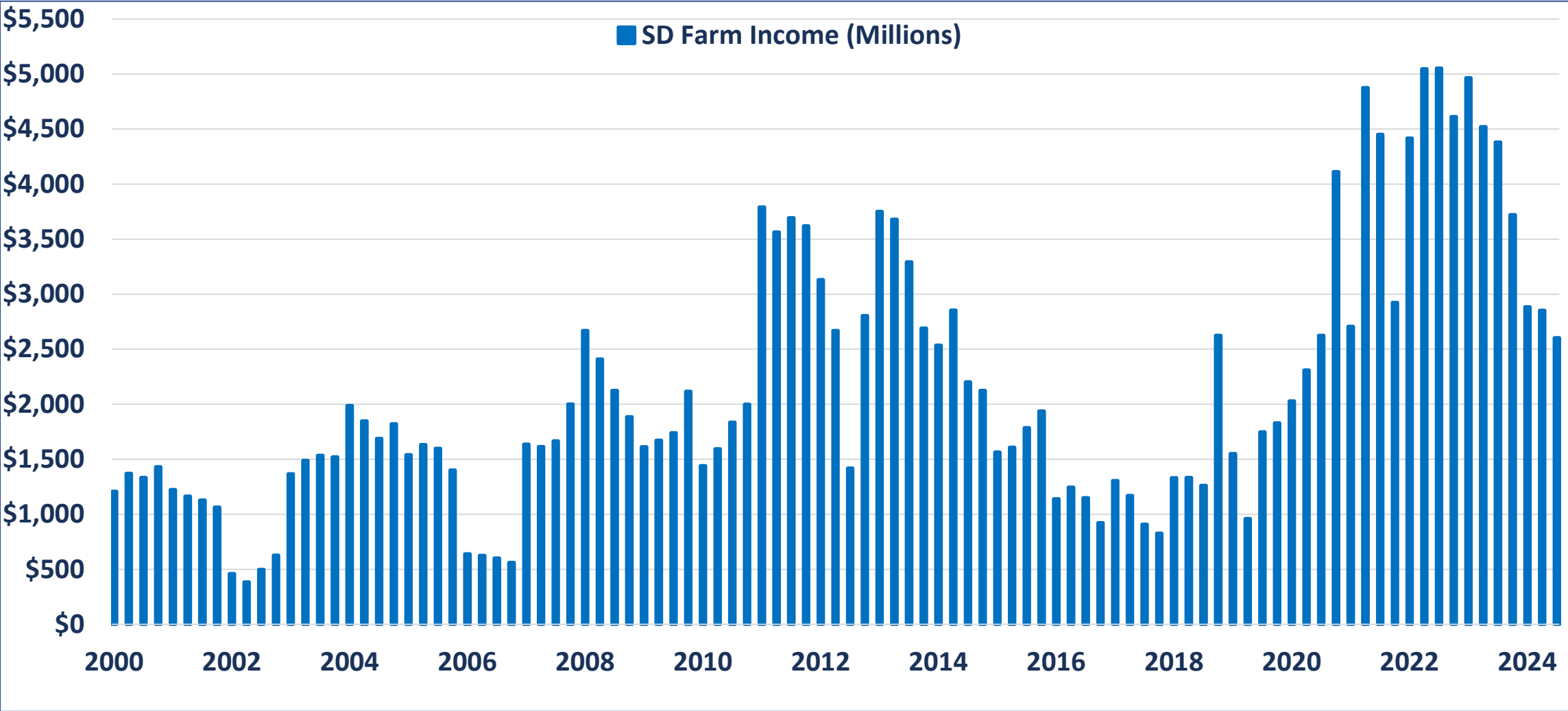
SD Personal Income vs. Sales Tax Collections



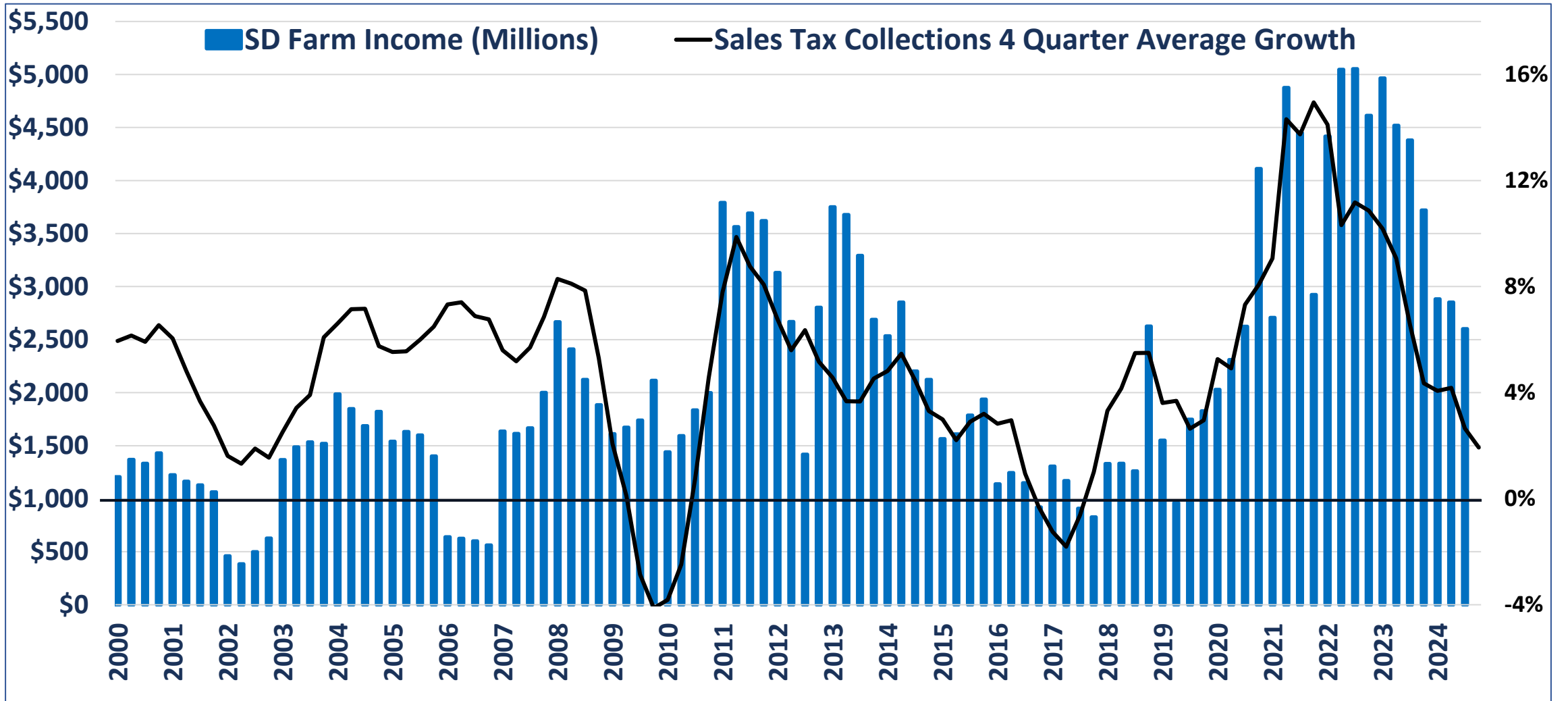
SD Personal Income vs. Sales Tax Collections



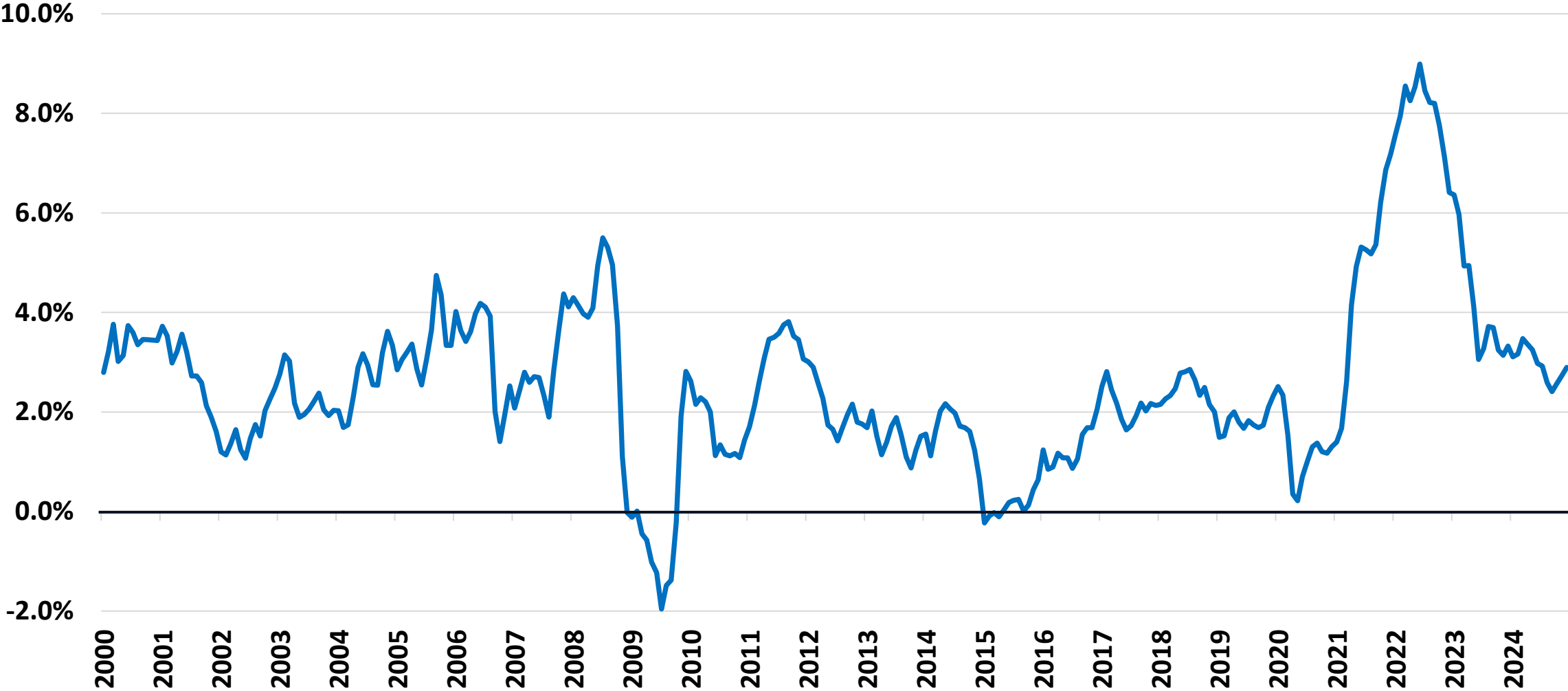
SD Farm Income



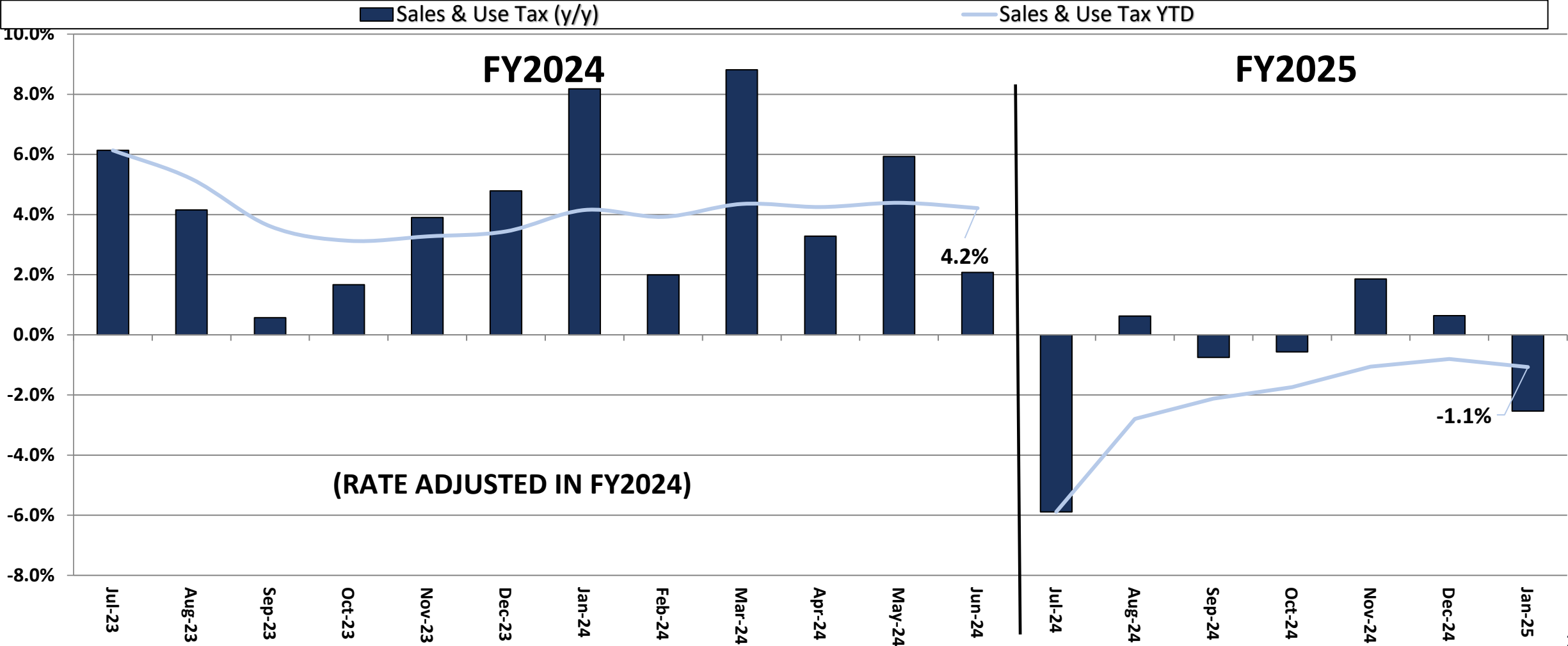
SD Farm Income vs. Sales Tax Collections



Inflation: CPI



Ongoing State Sales and Use Tax



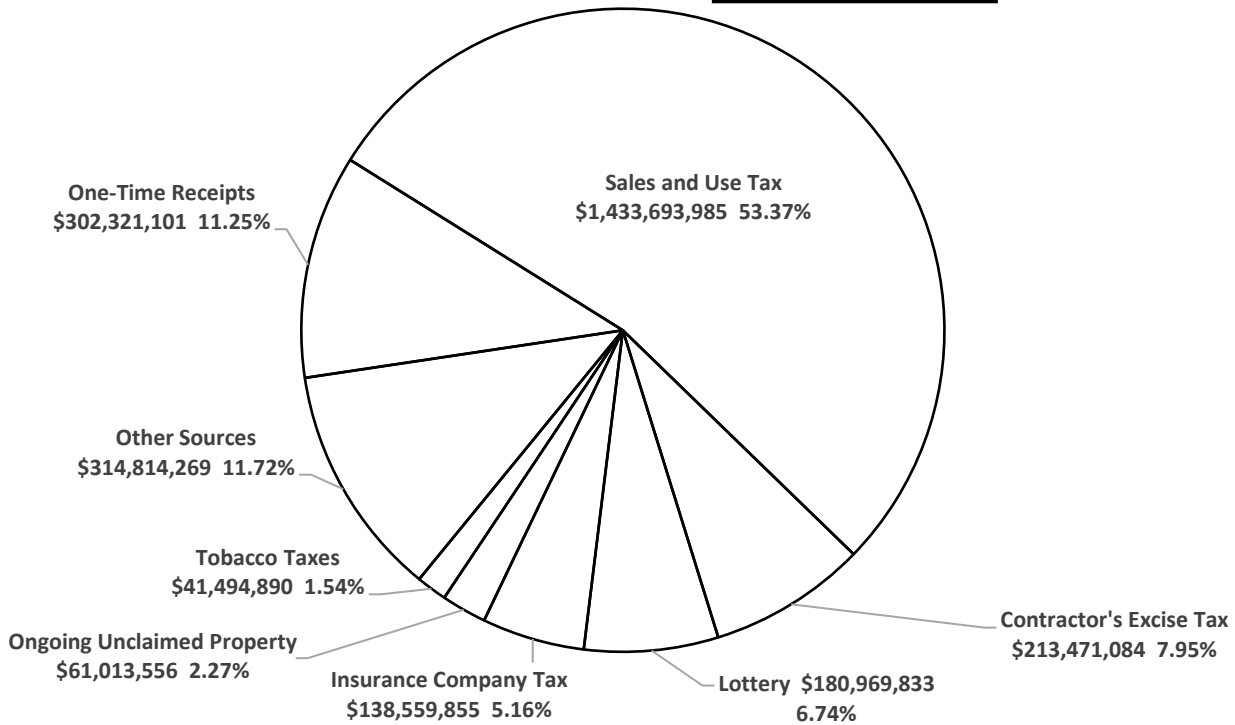
REVENUES



FY2025 and FY2026 Revised Estimates

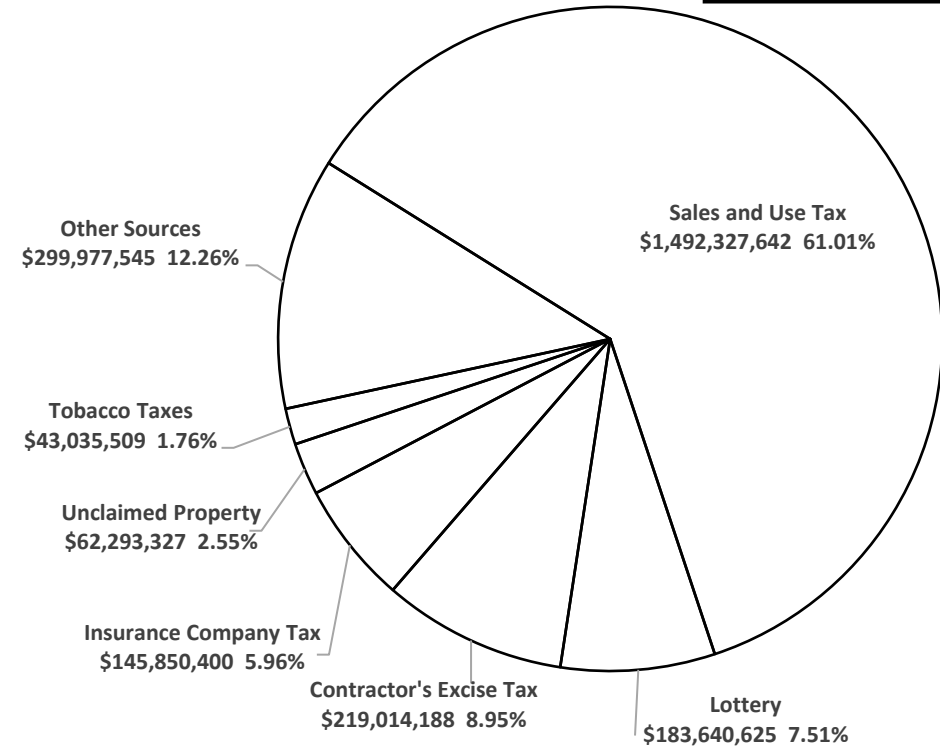
FY2025 General Fund Revenues

\$2,686,338,573



FY2026 General Fund Revenues

\$2,446,139,236



Sales and Use Tax

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026*
Ongoing SUT	1,480,572,850	1,441,678,770	1,433,693,985	1,492,327,642
Dollar Change	123,728,057	(38,894,080)	(7,984,785)	58,633,657
<i>Percent Change</i>	9.12	(2.63)	(0.55)	4.09

- Approximately 61.0% of FY26 ongoing revenues
- Year-To-Date (YTD) collections are 1.1% below the same period in FY24 due to the state rate change
- Estimate is for FY25 to finish at -0.6%
- Estimated growth of 4.1% in FY26
 - Includes increase of \$6,823,473 due to the proposed repeal of the collection credit.
 - \$1,485,504,169 without this change, or 3.6% growth

Lottery

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026
Instant/Online Lottery	14,095,499	15,305,223	15,135,952	15,733,820
Video Lottery	162,568,269	164,023,550	165,833,881	167,906,805
Total Receipts	176,663,767	179,328,773	180,969,833	183,640,625
Dollar Change	5,054,085	2,665,006	1,641,060	2,670,792
<i>Percent Change</i>	2.95	1.51	0.92	1.48

- Approximately 7.5% of FY26 ongoing revenues
- Year-To-Date (YTD) revenues are 1.6% above the same period in FY24
- Estimate is for FY25 to finish at 0.9% growth
- Estimated growth of 1.5% in FY26

Contractor's Excise Tax

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026
Total Net Receipts	189,407,586	216,712,589	213,471,084	219,014,188
Dollar Change	33,583,813	27,305,004	(3,241,505)	5,543,104
<i>Percent Change</i>	<i>21.55</i>	<i>14.42</i>	<i>(1.50)</i>	<i>2.60</i>

- Approximately 9.0% of FY26 ongoing revenues
- Year-To-Date (YTD) collections are 1.6% below the same period in FY24
- Estimate is for FY25 to finish 1.5% below FY24
- Estimated growth of 2.6% in FY26

Insurance Company Tax

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026
Receipts	112,141,293	128,189,481	138,559,855	145,850,400
Dollar Change	8,145,874	16,048,187	10,370,374	7,290,545
<i>Percent Change</i>	<i>7.83</i>	<i>14.31</i>	<i>8.09</i>	<i>5.26</i>

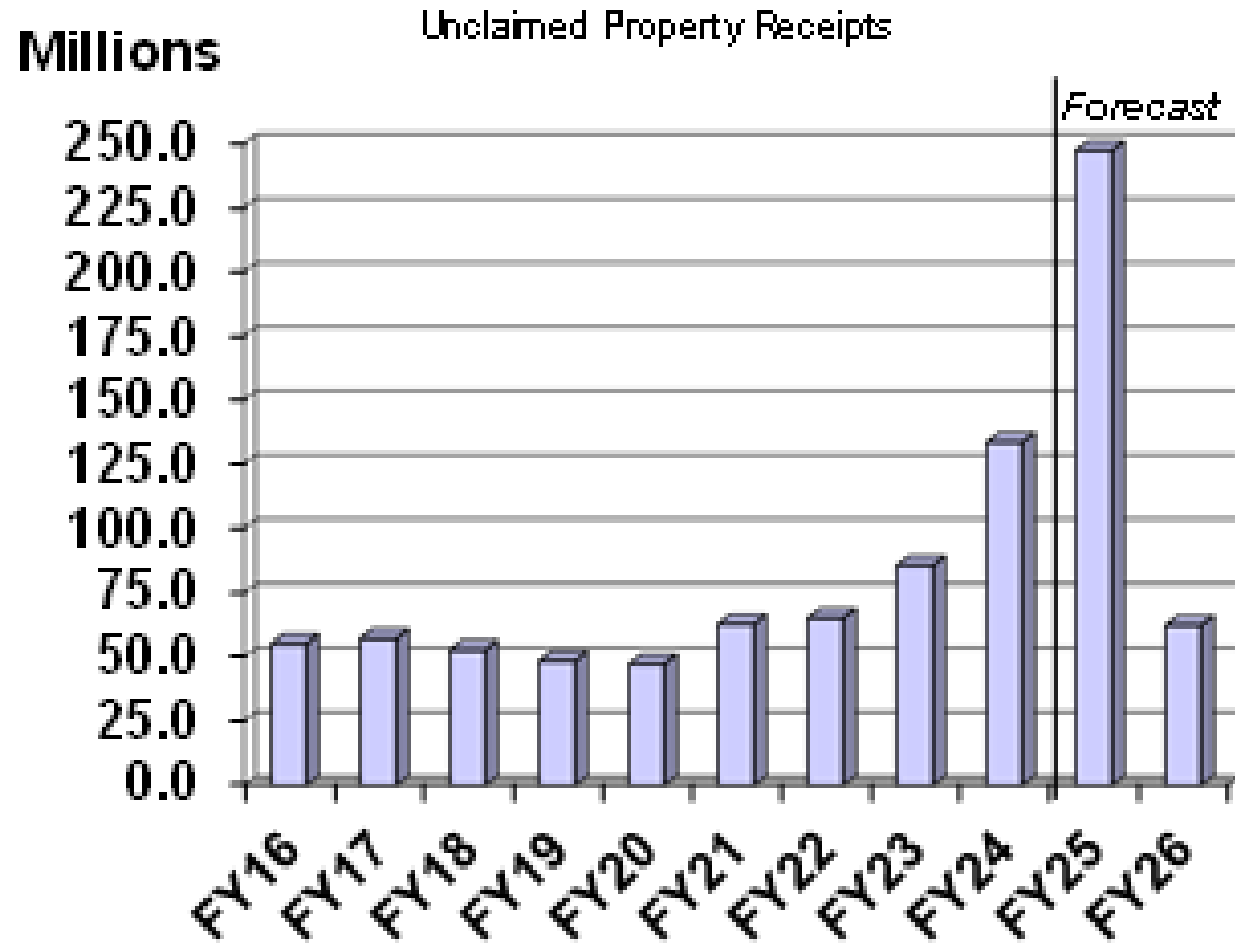
- Approximately 6.0% of FY26 ongoing revenues
- Year-To-Date (YTD) collections are 4.3% below the same period in FY24
 - Through 6 months, YTD collections were up 12.3% from the same period in FY24 (Best reconciled quarterly)
- Estimate is for FY25 to finish at 8.1% growth
- Estimated growth of 5.3% in FY26

Unclaimed Property

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026
Ongoing UCP	74,981,213	133,617,777	61,013,556	62,293,327
Dollar Change	9,883,585	58,636,564	(72,604,221)	1,279,771
<i>Percent Change</i>	<i>15.18</i>	<i>78.20</i>	<i>(54.34)</i>	<i>2.10</i>
One-time UCP	10,554,826	0	186,245,831	0
Total UCP	85,536,039	133,617,777	247,259,387	62,293,327
Dollar Change	20,438,411	48,081,738	113,641,610	(184,966,060)
<i>Percent Change</i>	<i>31.40</i>	<i>56.21</i>	<i>85.05</i>	<i>(74.81)</i>

- Approximately 2.5% of FY2026 ongoing revenues
- Remittances elevated in recent years – over \$300M in FY25
 - Majority of remittances are received in November
- Claims activity increasing – over \$30M through 7 months of FY25
- Estimate = Projected Remittances – Projected Claims Paid – Projected UCP Office Expenses

Unclaimed Property



Licenses, Permits, and Fees

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026
Receipts	77,636,494	75,761,844	74,145,331	74,368,707
Dollar Change	2,559,323	(1,874,650)	(1,616,513)	223,376
<i>Percent Change</i>	<i>3.41</i>	<i>(2.41)</i>	<i>(2.13)</i>	<i>0.30</i>

- Approximately 3.0% of FY26 ongoing revenues
- About 65% of revenue from securities fees
- Estimate is for FY24 to finish down 2.1%
- Estimated growth of 0.3% in FY26

Tobacco Taxes

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026*
Total Receipts	47,074,649	43,462,155	41,494,890	43,035,509
Dollar Change	(2,310,730)	(3,612,494)	(1,967,265)	1,540,619
<i>Percent Change</i>	<i>(4.68)</i>	<i>(7.67)</i>	<i>(4.53)</i>	<i>3.71</i>

- Approximately 1.8% of FY26 ongoing revenues
- Year-To-Date (YTD) collections are 4.5% lower than the same period in FY24
- Estimate is for FY25 to finish at -4.5%
- Estimated increase of 3.7% in FY26 due to the proposed reduction of the amount that goes to the Tobacco Prevention and Reduction Trust Fund.
 - \$40,035,509 without this change
 - Decline of 3.5%

Tobacco Taxes

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026
General Fund	30,000,000	30,000,000	30,000,000	30,000,000
TPRTF	5,000,000	5,000,000	5,000,000	2,000,000
Remainder to GF	17,074,649	13,462,155	11,494,890	13,035,509
Total	52,074,649	48,462,155	46,494,890	45,035,509

Bank Franchise Tax

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026
Ongoing BFT	20,425,082	28,659,255	26,147,508	26,222,175
Dollar Change	(2,086,768)	8,234,173	(2,511,747)	74,667
<i>Percent Change</i>	<i>(9.27)</i>	<i>40.31</i>	<i>(8.76)</i>	<i>0.29</i>
One-Time BFT	699,173	1,443,391	1,414,044	0
Total BFT	21,124,255	30,102,647	27,561,552	26,222,175
Dollar Change	(2,955,891)	8,978,392	(2,541,095)	(1,339,377)
<i>Percent Change</i>	<i>(12.28)</i>	<i>42.50</i>	<i>(8.44)</i>	<i>(4.86)</i>

- Approximately 1.1% of FY26 ongoing revenues
- Year-To-Date (YTD) collections are 121.7% above the same period in FY24
- Estimate is for FY25 to finish at -8.8%
- Estimated increase of 0.3% for FY26

Severance Taxes

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026
Total Receipts	5,657,605	10,932,699	13,623,014	13,887,309
Dollar Change	(2,376,337)	5,275,094	2,690,315	264,295
<i>Percent Change</i>	<i>(29.58)</i>	<i>93.24</i>	<i>24.61</i>	<i>1.94</i>

- Approximately 0.6% of FY26 ongoing revenues
- Collections on precious metals and energy minerals estimated separately
- Year-To-Date (YTD) collections are 30.0% above the same period in FY24
- Estimate is for FY25 to finish at 24.6% growth
- Estimated growth of 1.9% in FY26

Investment Income and Interest

	Actual FY2023	Actual FY2024	Estimate FY2025	Estimate FY2026
Total Receipts	14,000,549	49,318,506	96,218,690	77,952,050
Dollar Change	(5,648,016)	35,317,957	46,900,184	(18,266,640)
<i>Percent Change</i>	<i>(28.75)</i>	<i>252.26</i>	<i>95.10</i>	<i>(18.98)</i>

- Approximately 3.2% of FY26 ongoing revenues
- Majority of collections are in August
- Year-To-Date (YTD) collections are up 95.8% from the same period in FY24
- Estimate is for FY25 to finish at 95.1% growth
- Estimated decline of 19.0% in FY26

Governor's Recommended FY2025 vs. February Revised FY2025

	GOV. REC. FY2025	FEB. REV. FY2025	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,447,481,493	\$ 1,433,693,985	\$ (13,787,508)	(0.95)
Lottery	180,371,432	180,969,833	598,401	0.33
Contractor's Excise Tax	210,476,413	213,471,084	2,994,671	1.42
Insurance Company Tax	137,869,952	138,559,855	689,903	0.50
Unclaimed Property Receipts	61,013,556	61,013,556	0	0.00
Licenses, Permits, and Fees	74,354,008	74,145,331	(208,677)	(0.28)
Tobacco Taxes	42,022,292	41,494,890	(527,402)	(1.26)
Trust Funds	50,329,002	50,369,002	40,000	0.08
Net Transfers In	27,213,839	27,335,034	121,195	0.45
Alcohol Beverage Tax	8,993,932	8,843,674	(150,258)	(1.67)
Bank Franchise Tax	26,038,817	26,147,508	108,691	0.42
Charges for Goods and Services	12,818,059	12,891,904	73,845	0.58
Telecommunications Tax	2,062,768	2,104,723	41,955	2.03
Severance Taxes	12,742,661	13,623,014	880,353	6.91
Investment Income and Interest	96,173,690	96,218,690	45,000	0.05
Alcohol Bev 2% Wholesale Tax	3,148,244	3,135,389	(12,855)	(0.41)
TOTAL (ONGOING RECEIPTS)	\$ 2,393,110,158	\$ 2,384,017,472	\$ (9,092,686)	(0.38)
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	\$ 54,690	\$ 1,414,044	1,359,354	2485.56
One-Time Unclaimed Property Receipts	167,664,409	186,245,831	18,581,422	11.08
Transfer from Budget Reserve Fund	33,926,134	33,926,134	0	0.00
Obligated Cash Carried Forward	80,735,092	80,735,092	0	0.00
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 282,380,325	\$ 302,321,101	\$ 19,940,776	7.06
GRAND TOTAL	\$ 2,675,490,483	\$ 2,686,338,573	\$ 10,848,090	0.41

Governor's Recommended FY2026 vs. February Revised FY2026

	GOV. REC. FY2026	FEB. REVISED FY2026	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax*	\$ 1,515,543,231	\$1,492,327,642	\$ (23,215,589)	(1.53)
Lottery	182,417,534	183,640,625	1,223,091	0.67
Contractor's Excise Tax	215,914,398	219,014,188	3,099,790	1.44
Insurance Company Tax	145,772,725	145,850,400	77,675	0.05
Unclaimed Property Receipts	62,293,327	62,293,327	0	0.00
Licenses, Permits, and Fees	74,590,338	74,368,707	(221,631)	(0.30)
Tobacco Taxes**	43,533,077	43,035,509	(497,568)	(1.14)
Trust Funds	52,860,366	53,037,700	177,334	0.34
Net Transfers In	27,059,380	27,180,576	121,196	0.45
Alcohol Beverage Tax	9,106,692	9,089,635	(17,057)	(0.19)
Bank Franchise Tax	26,222,175	26,222,175	0	0.00
Charges for Goods and Services	12,882,837	12,956,682	73,845	0.57
Telecommunications Tax	2,007,797	2,062,833	55,036	2.74
Severance Taxes	13,158,489	13,887,309	728,820	5.54
Investment Income and Interest	77,147,167	77,952,050	804,883	1.04
Alcohol Bev 2% Wholesale Tax	3,234,179	3,219,878	(14,301)	(0.44)
TOTAL (ONGOING RECEIPTS)	\$ 2,463,743,712	\$2,446,139,236	\$ (17,604,476)	(0.71)

* Sales and Use Tax estimates include the repeal of the collection credit in the amount of \$6,823,473.

** Tobacco Taxes estimates include an additional \$3M to the general fund due to reducing the amount of Tobacco Taxes to the Tobacco Prevention and Reduction Trust Fund from \$5M to \$2M.



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