



REVENUE ESTIMATES

*BUREAU OF FINANCE AND
MANAGEMENT - 2/11/2026*



ECONOMIC OUTLOOK



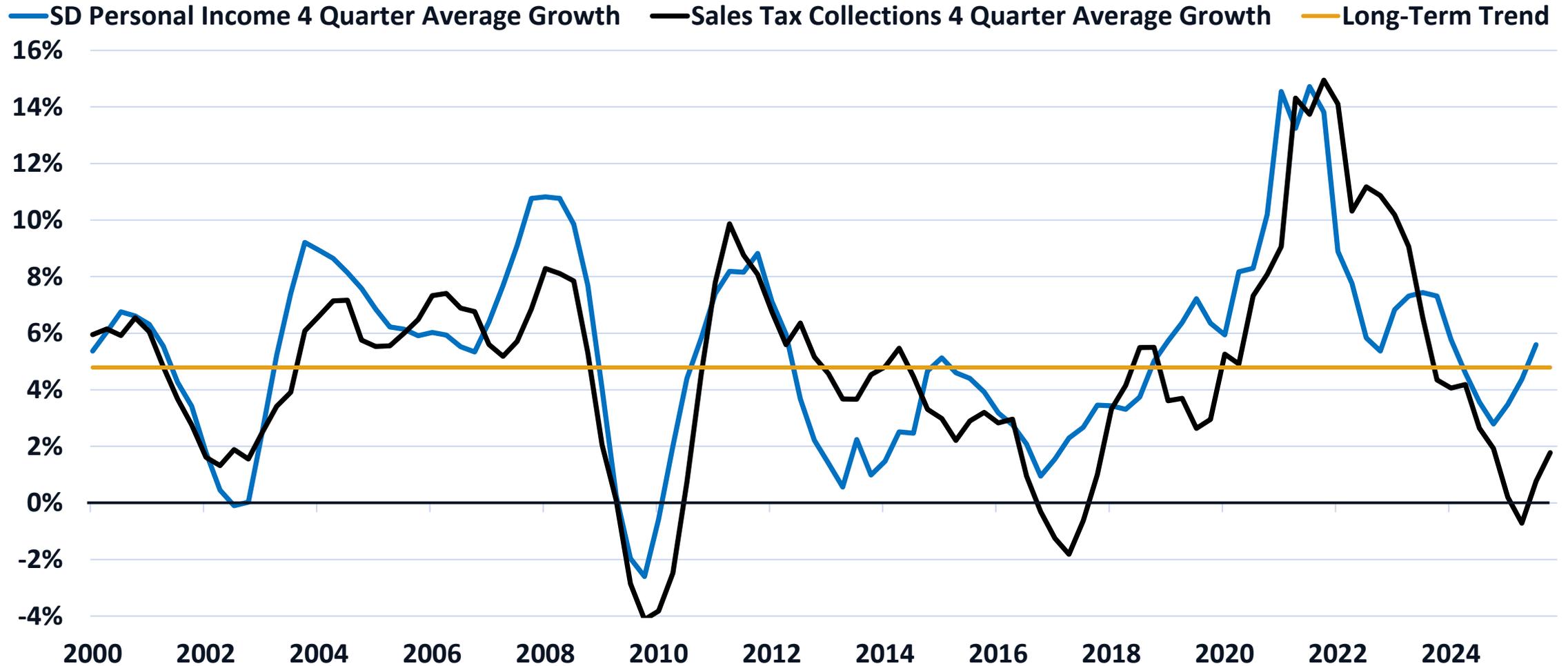
Economic Assumptions

- 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
- Inflation expected to remain elevated

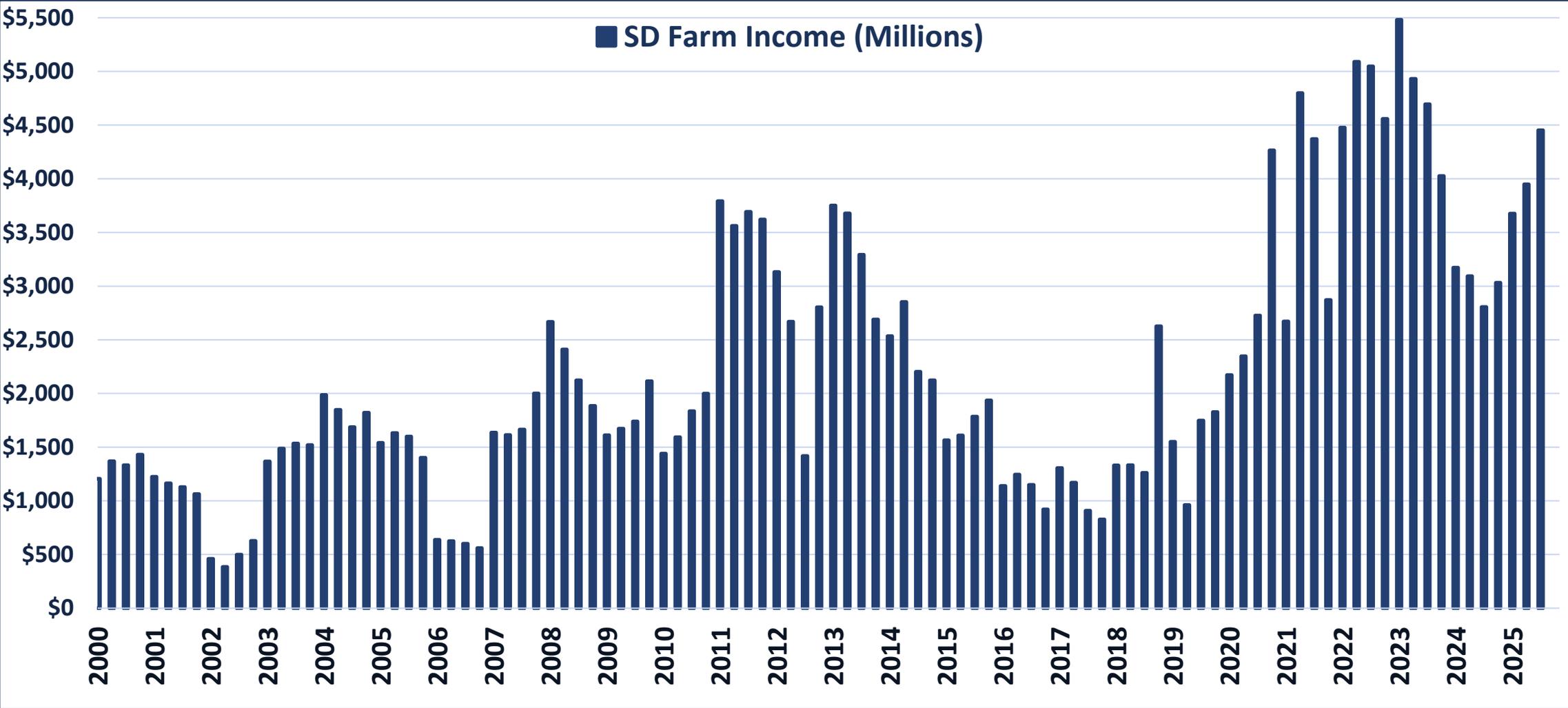
Key Economic Indicators

	2020	2021	2022	2023	2024	2025	2026 f	2027 f	'15-'25 avg.
SD Real GDP Growth	1.6%	5.0%	-1.4%	3.6%	0.8%	1.2%	3.3%	2.0%	1.5%
SD Nonfarm Employment	-3.2%	3.4%	2.8%	2.0%	1.3%	1.0%	0.7%	0.6%	1.0%
SD Personal Income	10.2%	13.8%	5.4%	7.3%	2.8%	5.8%	5.2%	6.1%	5.9%
SD Housing Starts	6,029	7,646	7,464	5,989	5,518	5,536	5,250	4,938	5,631
SD Unemployment Rate	4.1%	2.5%	1.9%	1.8%	1.8%	1.9%	2.3%	2.5%	2.6%
US Inflation Rate	1.3%	4.7%	8.0%	4.1%	3.0%	2.6%	2.5%	2.8%	2.9%

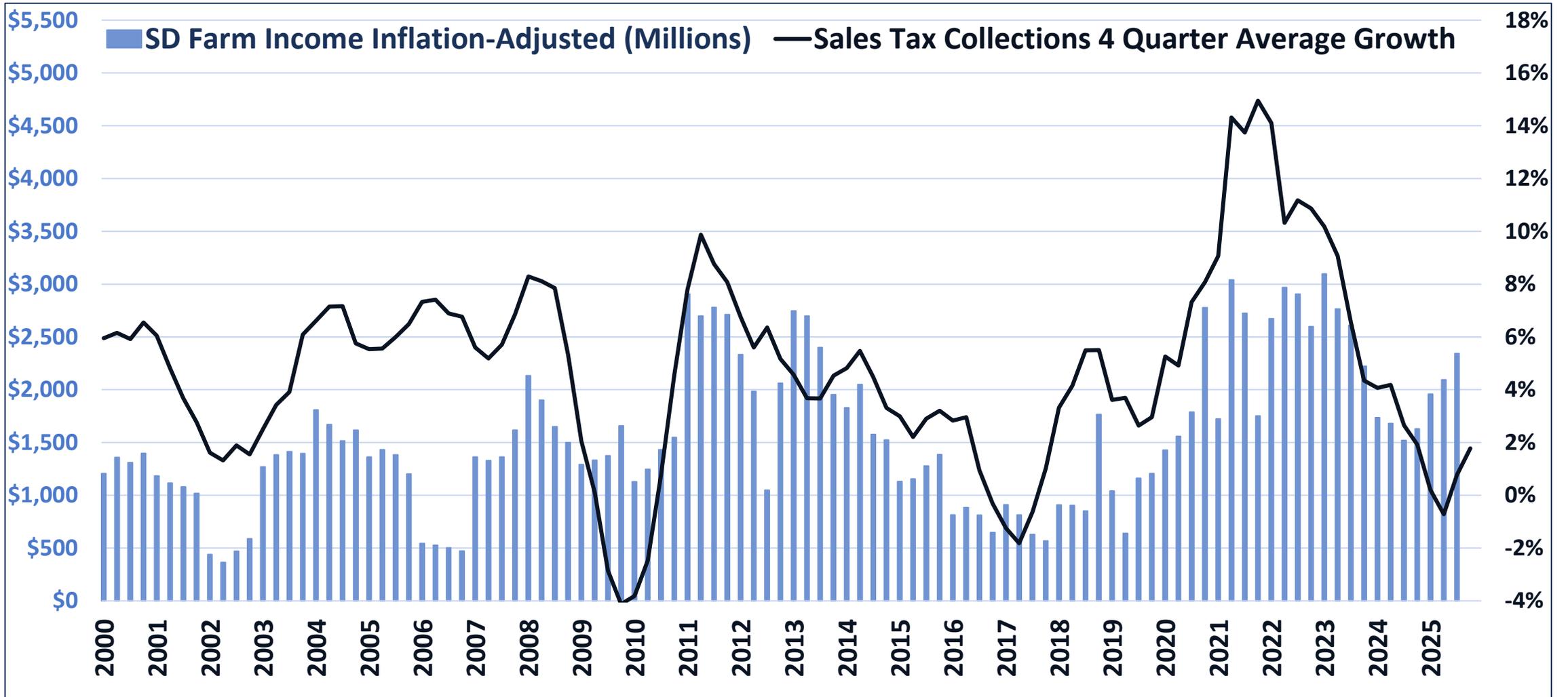
SD Personal Income vs. Sales Tax Collections



SD Farm Income

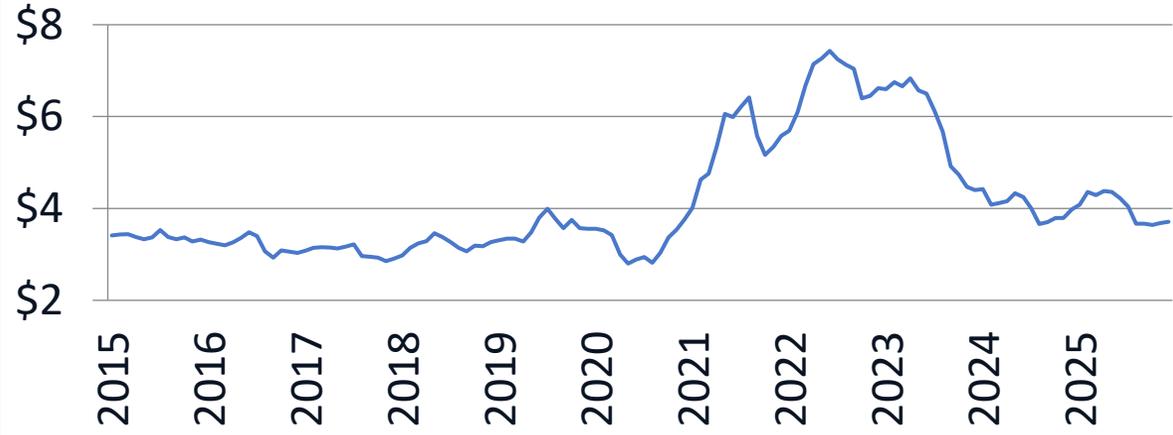


SD Farm Income (inflation-adjusted) vs. Sales Tax Collections

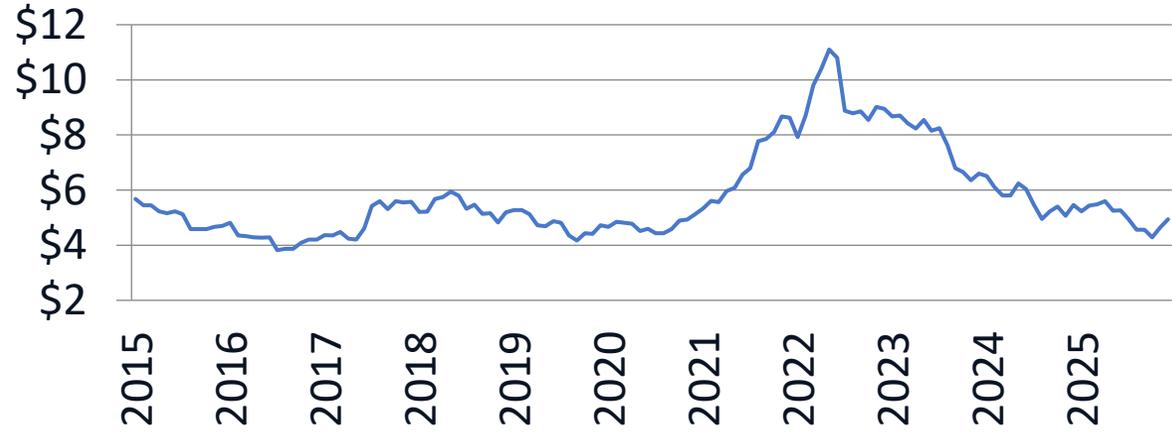


Agriculture Economy/Prices

SD Corn Prices



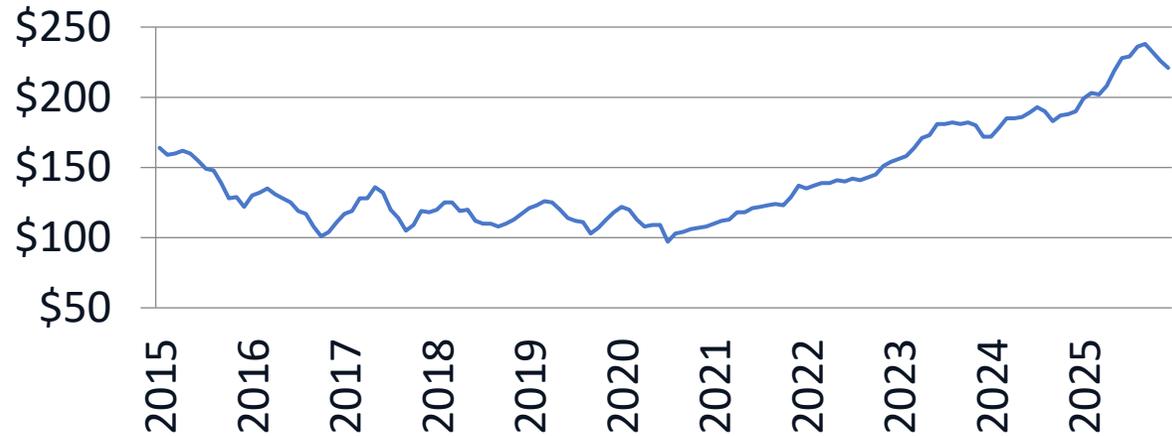
SD Wheat Prices



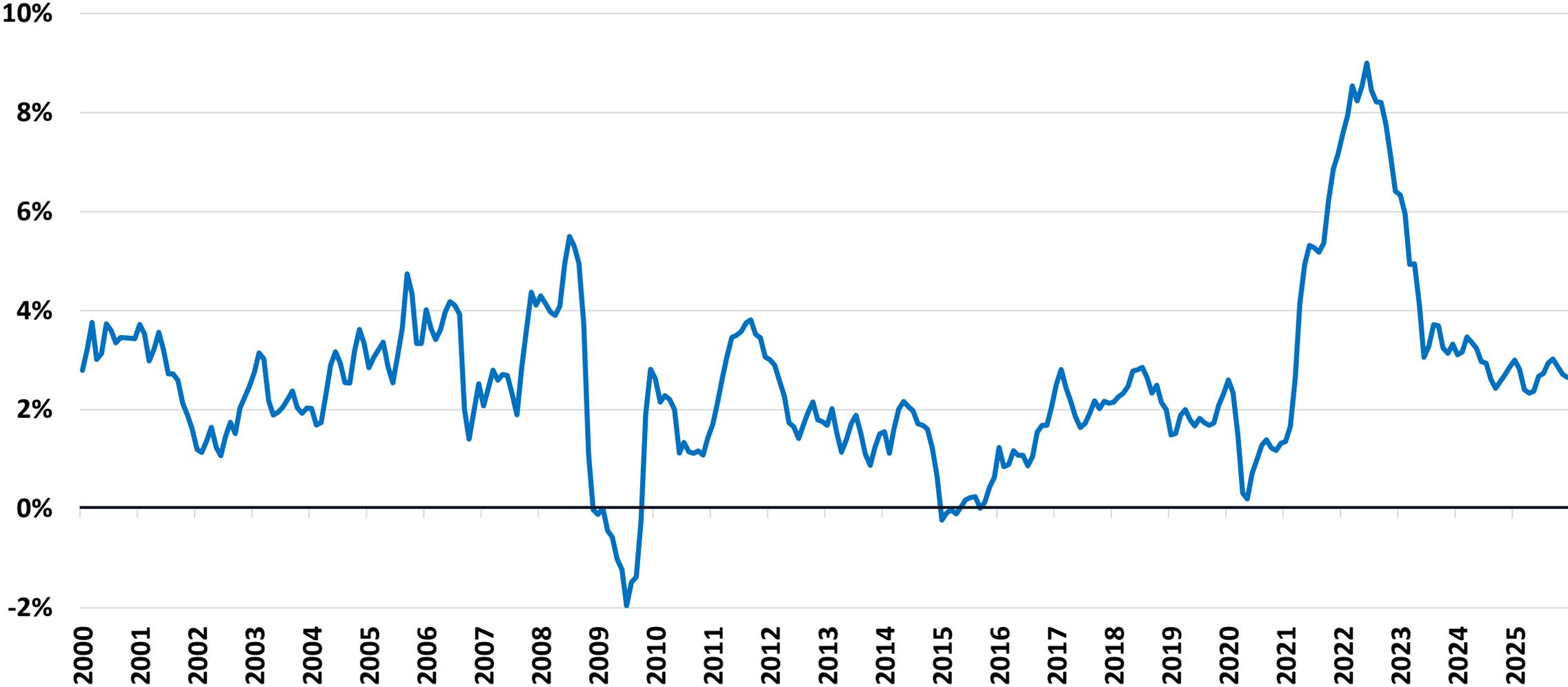
SD Soybean Prices



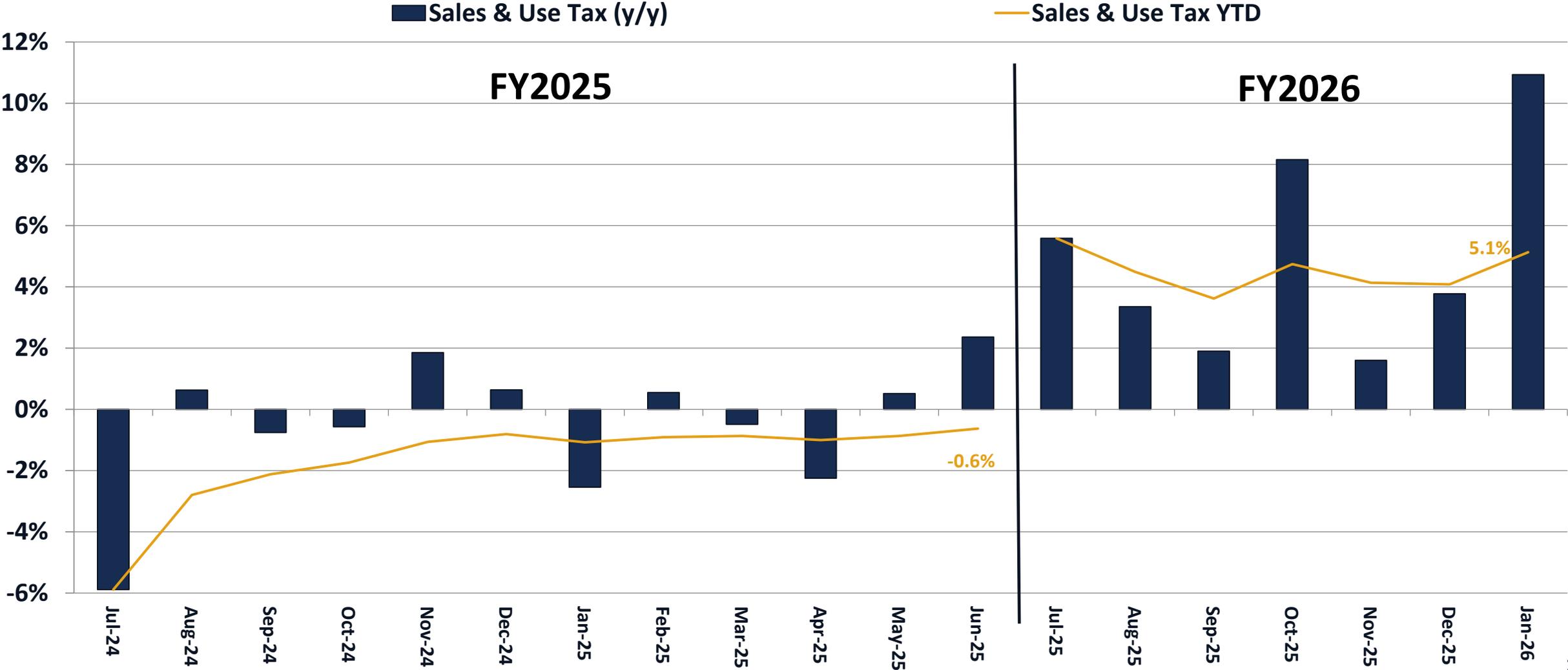
Prices Received All Beef Cattle (US) \$/cwt



Inflation: CPI



Ongoing State Sales and Use Tax



Ongoing State Sales and Use Tax

- Ongoing January sales tax receipts up 10.9%
 - \$3.3M in building materials identified as a large one-time purchase for building materials
- Underlying data for January indicates strength in online sales, business services, wholesale trade, and hotels
- Top 8 regular sales tax filers were up just 3.6% in January

Ongoing State Sales and Use Tax

Major Groups	January Growth	YTD Growth
Miscellaneous Retail	10.0%	4.2%
General Merchandise Stores	3.8%	4.4%
Building Materials, Hardware, Garden, Etc.	47.4%	7.0%
Wholesale Trade - Durable Goods	7.9%	1.2%
Eating and Drinking Places	2.5%	3.3%
Business Services	10.7%	6.2%
Food Stores	1.0%	-0.2%
Electric, Gas, and Sanitary Services	4.3%	4.5%
Hotels, Rooming Houses, Camps, and Lodging	13.0%	3.0%
Engineering, Accounting, and Management	8.2%	15.0%

REVENUES



Sales and Use Tax

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
Ongoing SUT	1,441,678,770	1,432,631,137	1,505,943,490	1,567,823,152
Dollar Change	(38,894,080)	(9,047,633)	73,312,353	61,879,662
<i>Percent Change</i>	<i>(2.63)</i>	<i>(0.63)</i>	<i>5.12</i>	<i>4.11</i>
One-time SUT	12,319,527	0	3,312,731	0
Total SUT	1,453,998,297	1,432,631,137	1,509,256,221	1,567,823,152
Dollar Change	(26,574,553)	(21,367,160)	76,625,084	58,566,931
<i>Percent Change</i>	<i>(1.79)</i>	<i>(1.47)</i>	<i>5.35</i>	<i>3.88</i>

- Approximately 61.7% of FY27 ongoing revenues
- Year-To-Date (YTD) ongoing collections are 5.1% above the same period in FY25
- Estimate is for FY26 to finish at 5.1%
- Estimated growth of 4.1% in FY27

Lottery

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
Instant/Online Lottery	15,305,223	11,790,952	14,911,388	12,757,210
Video Lottery	164,023,550	164,859,248	168,532,489	171,566,073
Total Receipts	179,328,773	176,650,200	183,443,877	184,323,283
Dollar Change	2,665,006	(2,678,573)	6,793,677	879,406
<i>Percent Change</i>	<i>1.51</i>	<i>(1.49)</i>	<i>3.85</i>	<i>0.48</i>

- Approximately 7.3% of FY27 ongoing revenues
- Year-To-Date (YTD) revenues are 1.6% above the same period in FY25
- Estimate is for FY26 to finish at 3.8% growth
- Estimated growth of 0.5% in FY27

Contractor's Excise Tax

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
Total Net Receipts	216,712,589	212,000,571	217,754,582	224,757,718
Dollar Change	27,305,004	(4,712,018)	5,754,012	7,003,136
<i>Percent Change</i>	<i>14.42</i>	<i>(2.17)</i>	<i>2.71</i>	<i>3.22</i>

- Approximately 8.8% of FY27 ongoing revenues
- Year-To-Date (YTD) collections are 2.4% above the same period in FY25
- Estimate is for FY26 to finish 2.7% above FY25
- Estimated growth of 3.2% in FY27

Insurance Company Tax

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
Receipts	128,189,481	140,941,713	153,313,870	161,808,450
Dollar Change	16,048,187	12,752,233	12,372,157	8,494,580
<i>Percent Change</i>	<i>14.31</i>	<i>9.95</i>	<i>8.78</i>	<i>5.54</i>

- Approximately 6.4% of FY27 ongoing revenues
- Year-To-Date (YTD) collections are up 15.0% from the same period in FY25
 - Through 6 months, YTD collections were up 10.6% from the same period in FY25 (Best reconciled quarterly)
- Estimate is for FY26 to finish at 8.8% growth
- Estimated growth of 5.5% in FY27

Unclaimed Property

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
Ongoing UCP	133,617,777	60,253,389	61,384,827	58,000,000
Dollar Change	58,636,564	(73,364,388)	1,131,438	(3,384,827)
<i>Percent Change</i>	<i>78.20</i>	<i>(54.91)</i>	<i>1.88</i>	<i>(5.51)</i>
One-time UCP	0	223,720,257	0	0
Total UCP	133,617,777	283,973,646	61,384,827	58,000,000
Dollar Change	48,081,738	150,355,869	(222,588,819)	(3,384,827)
<i>Percent Change</i>	<i>56.21</i>	<i>112.53</i>	<i>(78.38)</i>	<i>(5.51)</i>

- Approximately 2.3% of FY2027 ongoing revenues
- General fund receipts capped at \$61.4M in FY26 and \$58.0M in FY27

Licenses, Permits, and Fees

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
Receipts	75,761,844	76,648,880	77,312,326	78,264,762
Dollar Change	(1,874,650)	887,036	663,446	952,436
<i>Percent Change</i>	<i>(2.41)</i>	<i>1.17</i>	<i>0.87</i>	<i>1.23</i>

- Approximately 3.1% of FY27 ongoing revenues
- About 65% of revenue from securities fees
- Estimate is for FY26 to finish up 0.9%
- Estimated growth of 1.2% in FY27

Tobacco Taxes

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
Total Receipts	43,462,155	40,280,193	41,777,780	39,648,209
Dollar Change	(3,612,494)	(3,181,961)	1,497,587	(2,129,571)
<i>Percent Change</i>	<i>(7.67)</i>	<i>(7.32)</i>	<i>3.72</i>	<i>(5.10)</i>

- Approximately 1.6% of FY27 ongoing revenues
- Year-To-Date (YTD) collections are 2.3% lower than the same period in FY25
- Estimate is for FY26 to finish up 3.7%
 - Amount that goes to the Tobacco Prevention and Reduction Trust Fund reduced from \$5M to \$2M
- Estimated decline of 5.1% in FY27

Tobacco Taxes

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
General Fund	30,000,000	30,000,000	30,000,000	30,000,000
TPRTF	5,000,000	5,000,000	2,000,000	2,000,000
Remainder to GF	13,462,155	10,280,193	11,777,780	9,648,209
Total	48,462,155	45,280,193	43,777,780	41,648,209

Bank Franchise Tax

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
Ongoing BFT	28,659,255	26,180,028	29,622,309	29,873,532
Dollar Change	8,234,173	(2,479,228)	3,442,281	251,223
<i>Percent Change</i>	<i>40.31</i>	<i>(8.65)</i>	<i>13.15</i>	<i>0.85</i>
One-Time BFT	1,443,391	1,414,044	155,379	0
Total BFT	30,102,647	27,594,072	29,777,688	29,873,532
Dollar Change	8,978,392	(2,508,575)	2,183,616	95,844
<i>Percent Change</i>	<i>42.50</i>	<i>(8.33)</i>	<i>7.91</i>	<i>0.32</i>

- Approximately 1.2% of FY27 ongoing revenues
- Year-To-Date (YTD) collections are 1.4% above the same period in FY25
- Estimate is for FY26 to finish up 13.1%
- Estimated increase of 0.8% for FY27

Severance Taxes

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
Total Receipts	10,932,699	14,719,152	23,771,676	24,640,591
Dollar Change	5,275,094	3,786,453	9,052,524	868,915
<i>Percent Change</i>	<i>93.24</i>	<i>34.63</i>	<i>61.50</i>	<i>3.66</i>

- Approximately 1.0% of FY27 ongoing revenues
- Collections on precious metals and energy minerals estimated separately
- Year-To-Date (YTD) collections are 64.1% above the same period in FY25
- Estimate is for FY26 to finish at 61.5% growth
- Estimated growth of 3.7% in FY27

Investment Income and Interest

	Actual FY2024	Actual FY2025	Estimate FY2026	Estimate FY2027
Total Receipts	49,318,506	96,234,677	72,138,268	62,194,200
Dollar Change	35,317,957	46,916,171	(24,096,409)	(9,944,068)
<i>Percent Change</i>	<i>252.26</i>	<i>95.13</i>	<i>(25.04)</i>	<i>(13.78)</i>

- Approximately 2.4% of FY27 ongoing revenues
- Majority of collections are in August
- Year-To-Date (YTD) collections are down 25.1% from the same period in FY25
- Estimate is for FY26 to finish down 25.0%
- Estimated decline of 13.8% in FY27

Governor's Revised FY2026 vs. February Revised FY2026

	GOV REV FY2026	BFM FEB FY2026	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,496,145,618	\$ 1,505,943,490	\$ 9,797,872	0.65
Lottery	183,613,471	183,443,877	(169,594)	(0.09)
Contractor's Excise Tax	219,143,706	217,754,582	(1,389,124)	(0.63)
Insurance Company Tax	152,464,577	153,313,870	849,293	0.56
Unclaimed Property Receipts	61,384,827	61,384,827	0	0.00
Licenses, Permits, and Fees	76,780,344	77,312,326	531,982	0.69
Tobacco Taxes	40,817,920	41,777,780	959,860	2.35
Trust Funds	52,372,402	52,387,402	15,000	0.03
Net Transfers In	27,950,173	27,298,926	(651,247)	(2.33)
Alcohol Beverage Tax	8,846,928	8,880,114	33,186	0.38
Bank Franchise Tax	29,543,802	29,622,309	78,507	0.27
Charges for Goods and Services	13,071,892	13,215,355	143,463	1.10
Telecommunications Tax	2,956,043	3,013,332	57,289	1.94
Severance Taxes	22,442,424	23,771,676	1,329,252	5.92
Investment Income and Interest	72,118,268	72,138,268	20,000	0.03
Alcohol Bev 2% Wholesale Tax	3,124,245	3,119,761	(4,484)	(0.14)
TOTAL (ONGOING RECEIPTS)	\$ 2,462,776,640	\$ 2,474,377,895	\$ 11,601,255	0.47
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	\$ 25,923	\$ 155,379	\$ 129,456	499.39
One-Time Sales and Use Tax	0	3,312,731	3,312,731	N/A
Transfer from Budget Reserves	98,028,526	95,629,929	(2,398,597)	(2.45)
Obligated Cash Carried Forward	169,229,772	169,229,772	0	0.00
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 267,284,221	\$ 268,327,811	\$ 1,043,590	0.39
GRAND TOTAL	\$ 2,730,060,861	\$ 2,742,705,706	\$ 12,644,845	0.46

Governor's Recommended FY2027 vs. February Revised FY2027

	GOV REC FY2027	BFM FEB FY2027	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,556,436,867	\$ 1,567,823,152	\$ 11,386,285	0.73
Lottery	184,559,546	184,323,283	(236,263)	(0.13)
Contractor's Excise Tax	225,774,152	224,757,718	(1,016,434)	(0.45)
Insurance Company Tax	159,264,260	161,808,450	2,544,190	1.60
Unclaimed Property Receipts	58,000,000	58,000,000	0	0.00
Licenses, Permits, and Fees	77,734,099	78,264,762	530,663	0.68
Tobacco Taxes	38,879,541	39,648,209	768,668	1.98
Trust Funds	53,486,495	53,329,200	(157,295)	(0.29)
Net Transfers In	28,137,120	27,485,937	(651,183)	(2.31)
Alcohol Beverage Tax	8,993,709	9,047,137	53,428	0.59
Bank Franchise Tax	30,044,678	29,873,532	(171,146)	(0.57)
Charges for Goods and Services	13,100,538	13,242,666	142,128	1.08
Telecommunications Tax	2,966,682	3,039,395	72,713	2.45
Severance Taxes	22,740,291	24,640,591	1,900,300	8.36
Investment Income and Interest	58,117,800	62,194,200	4,076,400	7.01
Alcohol Bev 2% Wholesale Tax	3,202,925	3,198,494	(4,431)	(0.14)
TOTAL (ONGOING RECEIPTS)	\$ 2,521,438,703	\$ 2,540,676,726	\$ 19,238,023	0.76



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