

GENERAL FUND RECEIPTS

	ACTUAL FY2016	ACTUAL FY2017	REVISED FY2018	PROJECTED FY2019
ONGOING RECEIPTS				
Sales and Use Tax	\$ 860,905,705	\$ 951,223,081	\$ 979,294,904	\$ 1,016,906,602
Lottery	110,057,269	111,827,256	115,444,817	118,558,981
Contractor's Excise Tax	101,496,551	106,828,537	102,736,361	108,849,223
Insurance Company Tax	84,795,304	83,271,532	86,870,686	90,097,000
Unclaimed Property Receipts	55,107,516	44,386,220	48,617,609	46,779,257
Licenses, Permits, and Fees	56,712,050	64,730,175	66,640,728	68,937,971
Tobacco Taxes	57,967,713	56,809,149	55,423,609	55,352,621
Trust Funds	33,146,867	35,194,697	37,025,022	38,544,233
Net Transfers In	20,664,859	21,897,071	21,979,954	23,303,429
Alcohol Beverage Tax	11,403,076	7,617,533	7,738,563	7,908,751
Bank Franchise Tax	10,512,754	14,688,771	11,567,064	11,872,042
Charges for Goods and Services	11,589,517	15,562,672	17,168,192	15,947,487
Telecommunications Tax	5,943,316	5,329,876	4,690,291	4,455,776
Severance Taxes	6,131,259	8,968,233	6,508,475	6,599,863
Sale-Leaseback	4,663,938	4,138,575	0	0
Investment Income and Interest	5,438,611	6,366,142	6,049,700	6,265,870
Alcohol Beverage 2% Wholesale Tax	1,850,515	1,954,454	2,033,098	2,110,479
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,438,386,820	\$ 1,540,793,973	\$ 1,569,789,073	\$ 1,622,489,585
ONE-TIME RECEIPTS				
Transfer from SD Health and Ed Facilities Authority	\$ 0	\$ 0	\$ 2,500,000	\$ 0
Transfer from Homemaker Fees Fund	0	0	2,000,000	0
Transfer from Petroleum Release Fund	3,500,000	0	1,300,000	0
Transfer from Workforce Education Fund	0	0	792,729	0
Transfer from Prescription Drug Plan Fund	0	0	750,000	0
Transfer from Telecommunication Fund	0	800,000	750,000	0
Transfer from Video Lottery Fund	0	500,000	500,000	0
Transfer from Court Automation Fund	0	500,000	500,000	0
Transfer from Technology Fund	0	0	500,000	0
Transfer from Private Activities Bond Fee Fund	0	911,625	480,743	0
Transfer from Budgetary Accounting Fund	0	0	261,396	0
Transfer from Veterans' Home Operating Fund	0	0	120,000	0
One-Time Unclaimed Property Receipts	0	12,714,729	0	0
Transfer from General Militia Fund	0	180,000	0	0
Transfer from SD Certified Beef Fund	0	104,000	0	0
Transfer from Department of Corrections	6,572,387	0	0	0
Transfer from South Dakota Risk Pool	3,353,860	0	0	0
Prior Period Adjustments	(4,213,467)	(1,712,184)	0	0
Unexpended Carryovers and Specials	379,252	1,449,345	0	0
Transfer from Budget Reserve Fund	27,426,643	0	7,210,593	0
Obligated Cash Carried Forward	21,535,148	14,069,144	7,943,412	0
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 58,553,823	\$ 29,516,659	\$ 25,608,873	\$ 0
GRAND TOTAL	\$ 1,496,940,642	\$ 1,570,310,632	\$ 1,595,397,946	\$ 1,622,489,585

NOTE: The totals may not add due to rounding.

EXPLANATION OF ONGOING GENERAL FUND RECEIPTS

Sales and Use Tax (SDCL 10-45 and 10-46): A tax of 4.5% is imposed upon the gross receipts from selling, leasing, and renting tangible personal property and the sale of services. Starting January 1, 2006, all items subject to the state sales tax are taxed at the same rate to conform to the Streamlined Sales Tax Project. A use tax of the same rate as the sales tax is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid. A portion of the sales tax is deposited into the Sales and Use Tax Fund to cover the Department of Revenue's cost of administering the tax. Prior to FY2017, the tax rate for the sales and use tax collections was 4.0%.

Lottery (SDCL 42-7A): Receipts under this classification include the general fund's share of revenues from the sale of instant lottery tickets, on-line lottery tickets, and the state's share of video lottery. All of the net proceeds from the sale of instant lottery tickets are deposited in the general fund. The first \$1.4 million of the net proceeds from the sale of online lottery tickets are deposited in the general fund, and the remaining net proceeds are deposited in the Capital Construction Fund. The state's share of video lottery dedicated to the general fund is 49.5% of net machine income.

Contractor's Excise Tax (SDCL 10-46A and 10-46B): An excise tax of 2.0% is imposed on the gross receipts of all prime contractors on construction projects. Subcontractor's gross receipts are not subject to the 2.0% tax if subcontractors are furnished a valid prime contractor's exemption certificate by the prime contractor for each specific job performed. The gross receipts of both prime contractors and subcontractors providing construction services or realty improvement projects for qualifying utilities are subject to a 2.0% excise tax.

Insurance Company Tax (SDCL 10-44): A tax of 2.5% of premiums on policies insuring risks located in South Dakota is imposed on insurance companies. In addition, the insurer must also pay a tax of 0.5% of the gross premium receipts on all fire insurance business done in the state. The tax imposed on insurance companies for life insurance policies is 2.5% of premiums on the first \$100,000 of annual life premiums per policy, and 0.08% for the portion of the annual life premiums per policy exceeding \$100,000. A life insurance policy (other than credit life as defined in SDCL 58-19) of a face amount of \$7,000 or less is taxed at the rate of 1.25% of premiums. The tax imposed on insurance companies for annuities is 1.25% of the consideration for annuity contracts on the first \$500,000 of annual consideration per annuity contract, and 0.08% for that portion of the annual consideration per annuity contract exceeding \$500,000. Farm mutual insurers and fraternal benefit societies are exempt from insurance company taxes. Beginning in FY2017, insurance company tax credits of up to \$2 million are allowed to support scholarships for private elementary and secondary schools throughout the state.

Unclaimed Property Receipts (SDCL 43-41B): Receipts to the general fund from unclaimed property are the result of all funds in excess of \$50,000 receipted into the Unclaimed Property Trust Fund. Property is considered abandoned after it has been unclaimed by the rightful owner for three years in South Dakota, and must be submitted to the State Treasurer's office per state law. These unclaimed funds are a perpetual liability of the state of South Dakota and if the owner of such funds is identified, they must be paid to the rightful owner.

Licenses, Permits, and Fees: This receipt classification includes revenues received from the sales of a broad variety of licenses, permits, and filing fees assessed to defray administrative costs. State agencies collecting these revenues include the Departments of Agriculture, Health, Labor and Regulation, Public Safety, Social Services, Revenue, the Unified Judicial System, and the Secretary of State.

Tobacco Taxes (SDCL 10-50): The excise tax on a 20 pack of cigarettes is \$1.53 in South Dakota and the tax on other tobacco products is 35% of the wholesale purchase price. The first \$30 million generated from this tax is deposited into the general fund. The next \$5 million collected annually is deposited in the Tobacco Prevention and Reduction Trust Fund. Through FY2015, any tobacco tax revenue in excess of \$35 million was divided among the Property Tax Reduction Fund (33% share), the Education Enhancement Tobacco Tax Fund (33% share), and the Health Care Tobacco Tax Fund (34% share). Beginning in FY2016, all tobacco taxes collected in excess of \$35 million are reflected in the tobacco tax category as the Property Tax Reduction Fund, the Education Enhancement Tobacco Tax Fund, and the Health Care Tobacco Tax Fund were repealed.

Trust Funds (SDCL 4-5-29.1, SDCL 4-5-29.2, and Article 13, Sections 20 and 21 of the State Constitution): Receipts included in this category are transfers from the Health Care Trust Fund, the Education Enhancement Trust Fund, and the Dakota Cement Trust Fund. Four percent of the market value is transferred from the Health Care Trust Fund and the Education Enhancement Trust Fund to the general fund as long as the principal of the trust funds is not invaded. The transfer from the

Dakota Cement Trust fund is based on four percent of the market value and is also dedicated to support education in South Dakota. The earnings from the Health Care Trust Fund are to be used for health care related programs, and the earnings from the Education Enhancement Trust Fund are to be used for education enhancement programs. The transfer from the Dakota Cement Trust fund is based on four percent of the market value and is dedicated to support education in South Dakota.

Net Transfers In: Receipts included in this category are general fund reimbursements by the Highway Fund; receipts from the Department of Game, Fish, and Parks; receipts from the Motor Vehicle Fund; the state's share of the Deadwood gaming revenue; lease payments to retire revenue bonds from various state agencies; transfers from the Wind Energy Tax Fund; transfers from the State Veterans' Home operating fund; and other miscellaneous receipts. Beginning in FY2019, this category includes a transfer from the Private Activity Bond Fees fund and transfers from the South Dakota Housing Development Authority as recommended by the Governor.

Alcohol Beverage Tax (SDCL 35-5): This tax is computed and levied on all alcoholic beverages purchased, received, or imported from a distiller, manufacturer, or foreign wholesaler for sale to a retail dealer. The taxation rates are as follows: 1) \$8.50 per 31 gallon barrel (or a prorata share thereof) on malt beverages; 2) all light wines and diluted beverages (except sparkling wines and cider) having more than 3.2% and not more than 14% alcohol by weight, 93¢ per gallon; 3) all wines (except sparkling wines) having more than 14% and not more than 20% alcohol by weight, \$1.45 per gallon; 4) all wines (except sparkling wines) having more than 20% and not more than 24% alcohol by weight, and all sparkling wines containing alcohol, \$2.07 per gallon; 5) all cider having not more than 10% alcohol by weight, 28¢ per gallon; and, 6) all other alcoholic beverages, \$3.93 per gallon. Through FY2016, the state general fund receives 75% of the total tax collected and 25% of the collections are returned to the municipalities. Beginning in FY2017, the state general fund will receive 50% of the total tax collected, with 25% allocated to the municipalities, and the remaining 25% allocated to the counties due to the passage of SB 2 during the 2016 legislative session.

Bank Franchise Tax (SDCL 10-43): An annual tax is imposed on banks, financial institutions, and savings and loan associations based upon net income assignable to South Dakota. The tax rates are as follows: 1) 6% on net income of \$400 million or less; 2) 5% on net income exceeding \$400 million but equal to or less than \$425 million; 3) 4% on net income exceeding \$425 million but equal to or less than \$450 million; 4) 3% on net income exceeding \$450 million but equal to or less than \$475 million; 5) 2% on net income exceeding \$475 million but equal to or less than \$500 million; 6) 1% on net income exceeding \$500 million but equal to or less than \$600 million; 7) 0.5% on net income exceeding \$600 million but equal to or less than \$1.2 billion; and, 8) 0.25% on net income exceeding \$1.2 billion. Ninety-five percent of the taxes paid defined as credit card banks are deposited in the general fund, and five percent of the taxes collected are returned to the county where the bank or financial institution is located. Twenty-six and two-thirds percent of all other revenues collected from the tax are deposited in the general fund and seventy-three and one-third percent are remitted to the county where the bank or financial institution is located.

Charges for Goods and Services: Receipts included in this category are from charges made by institutions under the Department of Social Services; audit charges made by the Auditor General to state and local governments; child support collections paid back to the state received by the Department of Social Services; 35% of fines, penalties, and forfeitures collected on county, township, or municipal offenses; and other miscellaneous charges. Beginning in FY2017, additional receipts are included in this category from the Department Corrections from miscellaneous charges that are now receipted into the general fund.

Telecommunications Tax (SDCL 10-33A): A tax of 4.0% is imposed on the gross receipts of telecommunications services within the state. Sixty percent of the revenue collected from this tax is dedicated to the state general fund with the remaining 40% deposited to the County Telecommunications Gross Receipts Fund.

Severance Taxes (SDCL 10-39 and 10-39A): A severance tax is imposed at the rate of \$4 per ounce of gold severed in South Dakota as well as an additional per ounce tax if the price of gold is in excess of \$800 per ounce. An additional tax of 10% is imposed on the net profits from the sale of precious metals severed. Owners or operators of energy minerals must pay a tax equal to 4.5% of the taxable value of any energy minerals severed. One-half of the energy mineral severance taxes received are returned to the county where the energy minerals were severed and one-half are credited to the general fund.

Sale-Leaseback: Receipts under this classification are derived from the annuity contract purchased with the proceeds from the sale of certificates of participation associated with the December 1986 sale-leaseback transaction. FY2017 was the last year of the annuity payment.

Investment Income and Interest (SDCL 4-5-30.1): Revenues included in this category are from interest and the investment earnings of the general fund and nonparticipating funds in the Cash Flow Fund. Through FY2014, 90% of the estimated proration due to the general fund from the Cash Flow Fund is credited in the current year and the remaining 10% is credited in the succeeding fiscal year after the actual proration amount is determined. During the 2015 legislative session, legislation passed to repeal the 90% accelerated interest proration and return to the original practice of prorating 100% of interest earnings in the succeeding fiscal year when the actual proration amount has been determined. Thus, the general fund will received the 10% proration in FY2015 from the prior year earnings. Beginning with the FY2016 distribution and each year thereafter, the general fund receives 100% of the interest income from the prior year.

Alcohol Beverage 2% Wholesale Tax (SDCL 35-5-6.1): This tax is in addition to the tax imposed by SDCL 35-5-3, and is levied at the rate of 2% of the purchase price upon the purchase of alcoholic beverages, except malt beverages, by a wholesaler from a distiller, manufacturer, or supplier.

EXPLANATION OF ONE-TIME GENERAL FUND RECEIPTS

Transfer from South Dakota Health and Educational Facilities Authority (FY2018): In FY2018, the Governor is recommending a \$2.5 million transfer from the South Dakota Health and Educational Facilities Authority to support the rural healthcare recruitment assistance program and the additional education funding needed in FY2018.

Transfer from Homemaker Fees Fund (FY2018): In FY2018, the Governor is recommending a \$2.0 million transfer from the homemaker fees fund within the Department of Human Services.

Transfer from Petroleum Release Compensation Fund (FY2016 and FY2018): SB 48, passed by the 2016 Legislature, transferred \$3.5 million from the Petroleum Release Compensation Fund to help pay for emergency special appropriations for FY2016. In FY2018, the Governor is recommending a \$1.3 million transfer from the Petroleum Release Compensation Fund.

Transfer from Workforce Education Fund (FY2018): In FY2018, the Governor is recommending a \$0.8 million transfer from the Workforce Education Fund to help balance the budget due to shortfalls in the dual credit program as well as state aid to education.

Transfer from Prescription Drug Plan Fund (FY2018): In FY2018, the Governor is recommending a \$0.8 million transfer from the Prescription Drug Plan Fund within the Department of Human Services to help balance the budget.

Transfer from Telecommunication Fund (FY2017 and FY2018): SB 32, passed by the 2017 Legislature, transferred \$0.8 million from the Telecommunication Fund for the Deaf. In FY2018, the Governor is recommending a transfer of \$0.8 million from the Telecommunication Fund for the Deaf.

Transfer from Video Lottery Fund (FY2017 and FY2018): SB 32, passed by the 2017 Legislature, transferred \$0.5 million from the Video Lottery Fund to help balance the budget in FY2017. In FY2018, the Governor is recommending a transfer of \$0.5 million from the Video Lottery Fund to help balance the budget in FY2018.

Transfer from Court Automation Fund (FY2017 and FY2018): SB 32, passed by the 2017 Legislature, transferred \$0.5 million from the Court Automation Fund. In FY2018, the Governor is recommending a transfer of \$0.5 million from the Court Automation Fund.

Transfer from Technology Fund (FY2018): In FY2018, the Governor is recommending a \$0.5 million transfer from the Technology Fund within the Department of Education to help pay for increased education costs.

Transfer from Private Activities Bond Fee Fund (FY2017 and FY2018): SB 32, passed by the 2017 Legislature, transferred \$0.9 million from the Private Activities Bond Fee Fund. In FY2018, the Governor is recommending a \$0.5 million transfer from the Private Activities Bond Fee Fund.

Transfer from Budgetary Accounting Fund (FY2018): In FY2018, the Governor is recommending a \$0.3 million transfer from the Budgetary Accounting Fund.

Transfer from State Veterans' Home Operating Fund (FY2018): In FY2018, the Governor is recommending a \$0.1 million one-time transfer from the State Veterans' Home Operating Fund. An additional \$2.0 million transfer is included in the ongoing receipts Net Transfers In category in both FY2018 and FY2019.

One-Time Unclaimed Property Receipts (FY2017): SB 34, passed by the 2017 Legislature, made changes to unclaimed property laws which allows the sale of stocks, bonds, and other securities that is held as unclaimed property. The legislation allowed holdings of securities to be liquidated, which provided \$12.7 million in one-time receipts in FY2017.

Transfer from General Militia Fund (FY2017): SB 32, passed by the 2017 Legislature, transferred \$0.2 million from the General Militia Fund.

Transfer from SD Certified Beef Fund (FY2017): SB 32, passed by the 2017 Legislature, transferred \$0.1 million from the SD Certified Beef Fund.

Transfer from Department of Corrections (FY2016): SB 48, passed by the 2016 Legislature, authorized transfers from several Department of Corrections internal funds which totaled \$6.6 million at the end of FY2016.

Transfer from South Dakota Risk Pool (FY2016): SB 48, passed by the 2016 Legislature, transferred \$3.4 million from the South Dakota Risk Pool Fund to the general fund.

Prior Period Adjustments (FY2016 and FY2017): FY2016 and FY2017 include prior period adjustments due to a refund of prior years' bank franchise taxes.

Unexpended Carryovers and Special Appropriations (FY2016 and FY2017): Unexpended balances reverting to the general fund from prior years for special appropriations and carryovers are reflected in receipts as unexpended carryovers and specials.

Transfer from Budget Reserve Fund (FY2016 and FY2018): HB 1203, passed by the 2016 Legislature, transferred \$27.4 million from the Budget Reserve Fund to the general fund. This transfer helped prepay outstanding bonds at the Board of Regents and the Technical Institutes to provide a tuition freeze for postsecondary students. In FY2018, the Governor is recommending a transfer of \$7.2 million from the Budget Reserve Fund to pay for additional state aid to education funding needed in FY2018. This \$7.2 million is the amount of reserves in excess of ten percent of the revised FY2018 budget as recommended by the Governor.

Obligated Cash Carried Forward: This is the amount of prior year cash carried forward to meet obligations existing at the end of the previous year. In FY2015, \$21.5 million of cash was obligated and transferred to the Budget Reserve Fund in FY2016 per state law. This \$21.5 million of obligated cash is reflected as a one-time receipt in FY2016. In FY2016, \$14.1 million of cash was obligated and transferred to the Budget Reserve Fund in FY2017 per state law. This \$14.1 million of obligated cash is reflected as a one-time receipt in FY2017. In FY2017, \$7.9 million of cash was obligated and transferred to the Budget Reserve Fund in FY2018 per state law. This \$7.9 million of obligated cash is reflected as a one-time receipt in FY2018.