Interim FY2027 Revenue Projections

South Dakota Bureau of
Finance and Management

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MEMORANDUM

TO: Governor Larry Rhoden and Interim Joint Committee on Appropriations

FROM: Derek Johnson, State Economist
Bureau of Finance and Management

SUBJECT: **Interim FY2027 Revenue Projections**

DATE: July 20, 2026

In accordance with the provisions of SDCL 4-8A-16, the following report includes actual revenue for FY2025 and FY2026 and updated revenue projections for FY2027 for the various sources of revenue that flow to the state general fund.

The updated FY2027 revenue estimates from the Bureau of Finance and Management total $2,560,058,064 on an ongoing basis. This updated projection is $8,717,546, or 0.34 percent, higher than the Legislative Adopted FY2027 estimate. Since this most recent forecast is higher than the Adopted FY2027 budgeted level, there is no shortfall in the current fiscal year at this time, and no further action is necessary per SDCL 4-8A-16.

GENERAL FUND RECEIPTS

	ACTUAL FY2025	ACTUAL FY2026	BFM INTERIM FY2027
ONGOING RECEIPTS			
Sales and Use Tax	1,432,631,137	1,527,005,026	1,596,612,746
Lottery	176,650,200	184,771,439	186,323,493
Contractor's Excise Tax	212,000,571	217,065,455	224,713,300
Insurance Company Tax	140,941,713	142,019,085	148,925,600
Unclaimed Property Receipts	60,253,389	62,741,618	59,754,353
Licenses, Permits, and Fees	76,648,880	79,357,600	80,475,537
Tobacco Taxes	40,280,193	41,934,395	40,641,700
Trust Funds	50,366,006	52,387,122	53,328,024
Net Transfers In	26,865,300	31,434,122	28,569,829
Alcohol Beverage Tax	8,730,061	8,521,457	8,630,558
Bank Franchise Tax	26,180,028	35,345,706	35,866,320
Charges for Goods and Services	12,795,328	13,609,800	13,217,238
Telecommunications Tax	2,237,317	3,190,014	3,237,864
Severance Taxes	14,719,152	20,709,249	23,102,124
Investment Income and Interest	96,234,677	72,241,654	53,575,877
Alcohol Bev 2% Wholesale Tax	3,015,131	3,025,954	3,083,501
TOTAL (ONGOING RECEIPTS)	$2,380,549,081	$2,495,359,694	$2,560,058,064
ONE-TIME RECEIPTS			
Bank Franchise Tax Prior Year Revenue	1,414,044	1,761,519	0
One-Time Sales and Use Tax	0	4,135,875	0
One-Time Unclaimed Property Receipts	223,720,257	0	0
Transfer from Trust Fund for Unclaimed Property	0	8,212,497	0
Unexpended Carryovers and Specials	4,935,450	8,178,928	0
Transfer from Budget Reserves	0	101,467,624	0
Obligated Cash Carried Forward	80,735,092	169,229,772	68,895,361
SUBTOTAL (ONE-TIME RECEIPTS)	$ 310,804,842	$ 292,986,215	$ 68,895,361
GRAND TOTAL	**$2,691,353,924**	**$2,788,345,910**	**$2,628,953,425**

ACTUAL FY2025 vs. ACTUAL FY2026 RECEIPTS

	ACTUAL FY2025	ACTUAL FY2026	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,432,631,137	1,527,005,026	94,373,889	6.59
Lottery	176,650,200	184,771,439	8,121,240	4.60
Contractor's Excise Tax	212,000,571	217,065,455	5,064,884	2.39
Insurance Company Tax	140,941,713	142,019,085	1,077,371	0.76
Unclaimed Property Receipts	60,253,389	62,741,618	2,488,229	4.13
Licenses, Permits, and Fees	76,648,880	79,357,600	2,708,720	3.53
Tobacco Taxes	40,280,193	41,934,395	1,654,201	4.11
Trust Funds	50,366,006	52,387,122	2,021,116	4.01
Net Transfers In	26,865,300	31,434,122	4,568,823	17.01
Alcohol Beverage Tax	8,730,061	8,521,457	(208,604)	(2.39)
Bank Franchise Tax	26,180,028	35,345,706	9,165,678	35.01
Charges for Goods and Services	12,795,328	13,609,800	814,472	6.37
Telecommunications Tax	2,237,317	3,190,014	952,697	42.58
Severance Taxes	14,719,152	20,709,249	5,990,096	40.70
Investment Income and Interest	96,234,677	72,241,654	(23,993,023)	(24.93)
Alcohol Bev 2% Wholesale Tax	3,015,131	3,025,954	10,824	0.36
TOTAL (ONGOING RECEIPTS)	$ 2,380,549,081	$ 2,495,359,694	$ 114,810,613	4.82
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	1,414,044	1,761,519	347,475	24.57
One-Time Sales and Use Tax	0	4,135,875	4,135,875	N/A
One-Time Unclaimed Property Receipts	223,720,257	0	(223,720,257)	(100.00)
Transfer from Trust Fund for Unclaimed Property	0	8,212,497	8,212,497	N/A
Unexpended Carryovers and Specials	4,935,450	8,178,928	3,243,478	65.72
Transfer from Budget Reserves	0	101,467,624	101,467,624	N/A
Obligated Cash Carried Forward	80,735,092	169,229,772	88,494,681	109.61
SUBTOTAL (ONE-TIME RECEIPTS)	$ 310,804,842	$ 292,986,215	$ (17,818,627)	(5.73)
GRAND TOTAL	**$ 2,691,353,924**	**$ 2,788,345,910**	**$ 96,991,986**	**3.60**

LEGISLATIVE REVISED FY2026 VS. ACTUAL FY2026 RECEIPTS

	LEG REVISED FY2026	ACTUAL FY2026	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,509,789,226	1,527,005,026	17,215,800	1.14
Lottery	183,588,379	184,771,439	1,183,060	0.64
Contractor's Excise Tax	217,597,092	217,065,455	(531,637)	(0.24)
Insurance Company Tax	152,947,123	142,019,085	(10,928,038)	(7.14)
Unclaimed Property Receipts	61,384,827	62,741,618	1,356,791	2.21
Licenses, Permits, and Fees	77,064,730	79,357,600	2,292,870	2.98
Tobacco Taxes	42,608,593	41,934,395	(674,198)	(1.58)
Trust Funds	52,387,402	52,387,122	(280)	(0.00)
Net Transfers In	27,996,339	31,434,122	3,437,783	12.28
Alcohol Beverage Tax	8,863,062	8,521,457	(341,605)	(3.85)
Bank Franchise Tax	29,987,599	35,345,706	5,358,107	17.87
Charges for Goods and Services	13,127,959	13,609,800	481,841	3.67
Telecommunications Tax	3,002,749	3,190,014	187,265	6.24
Severance Taxes	23,988,265	20,709,249	(3,279,016)	(13.67)
Investment Income and Interest	72,101,052	72,241,654	140,602	0.20
Alcohol Bev 2% Wholesale Tax	3,137,273	3,025,954	(111,319)	(3.55)
TOTAL (ONGOING RECEIPTS)	$ 2,479,571,670	$ 2,495,359,694	$ 15,788,024	0.64
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	155,380	1,761,519	1,606,139	1033.68
One-Time Sales and Use Tax	0	4,135,875	4,135,875	N/A
Transfer from Trust Fund for Unclaimed Property	8,212,497	8,212,497	0	0.00
Unexpended Carryovers and Specials	0	8,178,928	8,178,928	N/A
Transfer from Budget Reserves	101,467,624	101,467,624	0	0.00
Obligated Cash Carried Forward	169,229,772	169,229,772	0	0.00
SUBTOTAL (ONE-TIME RECEIPTS)	$ 279,065,273	$ 292,986,215	$ 13,920,942	4.99
GRAND TOTAL	**$ 2,758,636,943**	**$ 2,788,345,910**	**$29,708,966**	**1.08**

ACTUAL FY2026 RECEIPTS VS. ADOPTED FY2027 ESTIMATE

	ACTUAL FY2026	LEG ADOPTED FY2027	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,527,005,026	1,576,343,748	49,338,722	3.23
Lottery	184,771,439	184,876,174	104,735	0.06
Contractor's Excise Tax	217,065,455	223,838,694	6,773,239	3.12
Insurance Company Tax	142,019,085	161,862,041	19,842,956	13.97
Unclaimed Property Receipts	62,741,618	58,000,000	(4,741,618)	(7.56)
Licenses, Permits, and Fees	79,357,600	77,762,316	(1,595,284)	(2.01)
Tobacco Taxes	41,934,395	40,904,630	(1,029,765)	(2.46)
Trust Funds	52,387,122	53,216,100	828,978	1.58
Net Transfers In	31,434,122	28,531,118	(2,903,004)	(9.24)
Alcohol Beverage Tax	8,521,457	8,950,406	428,949	5.03
Bank Franchise Tax	35,345,706	29,939,382	(5,406,324)	(15.30)
Charges for Goods and Services	13,609,800	13,242,006	(367,794)	(2.70)
Telecommunications Tax	3,190,014	3,041,957	(148,057)	(4.64)
Severance Taxes	20,709,249	24,831,062	4,121,813	19.90
Investment Income and Interest	72,241,654	62,788,238	(9,453,416)	(13.09)
Alcohol Bev 2% Wholesale Tax	3,025,954	3,212,646	186,692	6.17
TOTAL (ONGOING RECEIPTS)	$ 2,495,359,694	$ 2,551,340,518	$ 55,980,824	2.24
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	1,761,519	0	(1,761,519)	(100.00)
One-Time Sales and Use Tax	4,135,875	0	(4,135,875)	(100.00)
Transfer from Trust Fund for Unclaimed Property	8,212,497	0	(8,212,497)	(100.00)
Unexpended Carryovers and Specials	8,178,928	0	(8,178,928)	(100.00)
Transfer from Budget Reserves	101,467,624	0	(101,467,624)	(100.00)
Obligated Cash Carried Forward	169,229,772	0	(169,229,772)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	$ 292,986,215	$ 0	$ (292,986,215)	(100.00)
GRAND TOTAL	**$ 2,788,345,910**	**$ 2,551,340,518**	**$ (237,005,392)**	**(8.50)**

ACTUAL FY2026 RECEIPTS VS. INTERIM FY2027 FORECAST

	ACTUAL FY2026	BFM INTERIM FY2027	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,527,005,026	1,596,612,746	69,607,720	4.56
Lottery	184,771,439	186,323,493	1,552,054	0.84
Contractor's Excise Tax	217,065,455	224,713,300	7,647,845	3.52
Insurance Company Tax	142,019,085	148,925,600	6,906,515	4.86
Unclaimed Property Receipts	62,741,618	59,754,353	(2,987,265)	(4.76)
Licenses, Permits, and Fees	79,357,600	80,475,537	1,117,937	1.41
Tobacco Taxes	41,934,395	40,641,700	(1,292,695)	(3.08)
Trust Funds	52,387,122	53,328,024	940,902	1.80
Net Transfers In	31,434,122	28,569,829	(2,864,293)	(9.11)
Alcohol Beverage Tax	8,521,457	8,630,558	109,101	1.28
Bank Franchise Tax	35,345,706	35,866,320	520,614	1.47
Charges for Goods and Services	13,609,800	13,217,238	(392,562)	(2.88)
Telecommunications Tax	3,190,014	3,237,864	47,850	1.50
Severance Taxes	20,709,249	23,102,124	2,392,875	11.55
Investment Income and Interest	72,241,654	53,575,877	(18,665,777)	(25.84)
Alcohol Bev 2% Wholesale Tax	3,025,954	3,083,501	57,547	1.90
TOTAL (ONGOING RECEIPTS)	$ 2,495,359,694	$ 2,560,058,064	$ 64,698,370	2.59
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	1,761,519	0	(1,761,519)	(100.00)
One-Time Sales and Use Tax	4,135,875	0	(4,135,875)	(100.00)
Transfer from Trust Fund for Unclaimed Property	8,212,497	0	(8,212,497)	(100.00)
Unexpended Carryovers and Specials	8,178,928	0	(8,178,928)	(100.00)
Transfer from Budget Reserves	101,467,624	0	(101,467,624)	(100.00)
Obligated Cash Carried Forward	169,229,772	68,895,361	(100,334,411)	(59.29)
SUBTOTAL (ONE-TIME RECEIPTS)	$ 292,986,215	$ 68,895,361	$ (224,090,854)	(76.49)
GRAND TOTAL	**$ 2,788,345,910**	**$ 2,628,953,425**	**$ (159,392,485)**	**(5.72)**

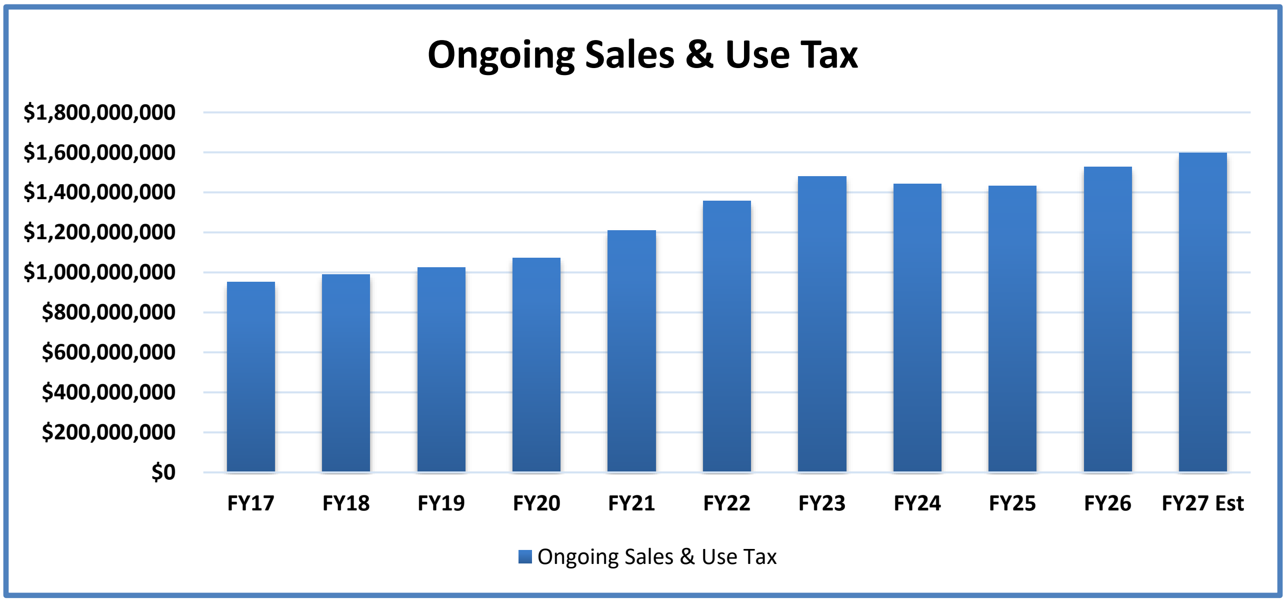
ADOPTED FY2027 ESTIMATE VS. INTERIM FY2027 FORECAST

	LEG ADOPTED FY2027	BFM INTERIM FY2027	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,576,343,748	1,596,612,746	20,268,998	1.29
Lottery	184,876,174	186,323,493	1,447,319	0.78
Contractor's Excise Tax	223,838,694	224,713,300	874,606	0.39
Insurance Company Tax	161,862,041	148,925,600	(12,936,441)	(7.99)
Unclaimed Property Receipts	58,000,000	59,754,353	1,754,353	3.02
Licenses, Permits, and Fees	77,762,316	80,475,537	2,713,221	3.49
Tobacco Taxes	40,904,630	40,641,700	(262,930)	(0.64)
Trust Funds	53,216,100	53,328,024	111,924	0.21
Net Transfers In	28,531,118	28,569,829	38,711	0.14
Alcohol Beverage Tax	8,950,406	8,630,558	(319,848)	(3.57)
Bank Franchise Tax	29,939,382	35,866,320	5,926,938	19.80
Charges for Goods and Services	13,242,006	13,217,238	(24,768)	(0.19)
Telecommunications Tax	3,041,957	3,237,864	195,907	6.44
Severance Taxes	24,831,062	23,102,124	(1,728,938)	(6.96)
Investment Income and Interest	62,788,238	53,575,877	(9,212,361)	(14.67)
Alcohol Bev 2% Wholesale Tax	3,212,646	3,083,501	(129,145)	(4.02)
TOTAL (ONGOING RECEIPTS)	$ 2,551,340,518	$ 2,560,058,064	$ 8,717,546	0.34
ONE-TIME RECEIPTS				
Obligated Cash Carried Forward	0	68,895,361	68,895,361	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	$ 0	$ 68,895,361	$ 68,895,361	N/A
GRAND TOTAL	**$ 2,551,340,518**	**$ 2,628,953,425**	**$ 77,612,907**	**3.04**

SALES AND USE TAX

FY2026 Performance: In FY2026, ongoing sales and use tax collections were $1,527.0 million, which was an increase of 6.6% or $94.4 million from FY2025. Actual ongoing FY2026 collections were $17.2 million more than the most recent revised legislative adopted estimate.

- Net collections from the sales and use tax account for approximately 61.2% of ongoing general fund revenues in FY2026.



Estimate: Because sales and use tax (SUT) has a broad base, many factors—such as employment, income, unemployment, and inflation—influence collections. To quantify these relationships, regression equations are used to test for statistically significant historical links between these variables and tax collections. Sales and use tax data is divided into five categories to reflect its broad scope, with independent variables applied to each to identify significant relationships. The best-fitting regression for each category is then used to forecast collections. Below is a brief guide on how to interpret the following regression equations, as well as their R^2 values.

Basic steps to follow when reading a regression equation are:

1.) Identify the dependent variable (the variable on the left side of the equation) and the independent variables (the variables on the right side of the equation).
2.) Look at the signs of the independent variables. The signs tell you if there is a positive or a negative relationship between the dependent and the independent variable.
3.) Look at the numbers in front of the independent variables. They quantify the change in the dependent variable if there is a one-unit change in the independent variable, holding the other independent variables constant.
4.) One way to tell if an equation fits the data is to look at the R^2. An R^2 value close to one shows that the equation has a good overall fit.

Equation 1: Consumer Spending on Durables and Services (STCDS)
STCDS = -736.64 + 0.06 * (SD Nonfarm Income) + 237.94 * (Seasonal Indicator Variable) + 15.36 * (SD Leisure and Hospitality Employment) + 22.92 * (SD Housing Starts) + 296.56 * (Consumer Price Index excluding Food and Energy).

R^2 = .9963

Equation 2: Business Related Purchases/Consumer Spending on Nondurables (STBUSCND)
STBUSCND = -1757.50 + 18.24 * (SD Consumer Price Index) + 0.04 * (SD Nonfarm Income) + 385.60 * (Seasonal Indicator Variable) + 1168.93 * (Stimulus Indicator Variable).

R^2 = .9893

Equation 3: Construction Related Purchases (STCON)
STCON = -1165.87 + 794.68 * (Consumer Price Index) + 162.80 * (Seasonal Indicator Variable) + 53.79 * (SD Housing Starts) + 0.03 * (Farm Proprietors Income (lagged)).

R^2 = .9628

Equation 4: Recreation Related Purchases (STREC)
STREC = -345.62 + 164.85 * (Seasonal Indicator Variable) + 12.57 * (SD Leisure and Hospitality Employment) + 0.02 * (SD Disposable Income) – 0.75 * (Oil Price) – 196.62 * (COVID Indicator Variable).

R^2 = .9901

Equation 5: Utilities (STUTI)
STUTI = -300.96 + 4.88 * (Consumer Spending on Electricity and Natural Gas) + 0.01 * (SD Nonfarm Income) + 69.11 * (Consumer Price Index for Energy) -283.37 * (Indicator Variable).

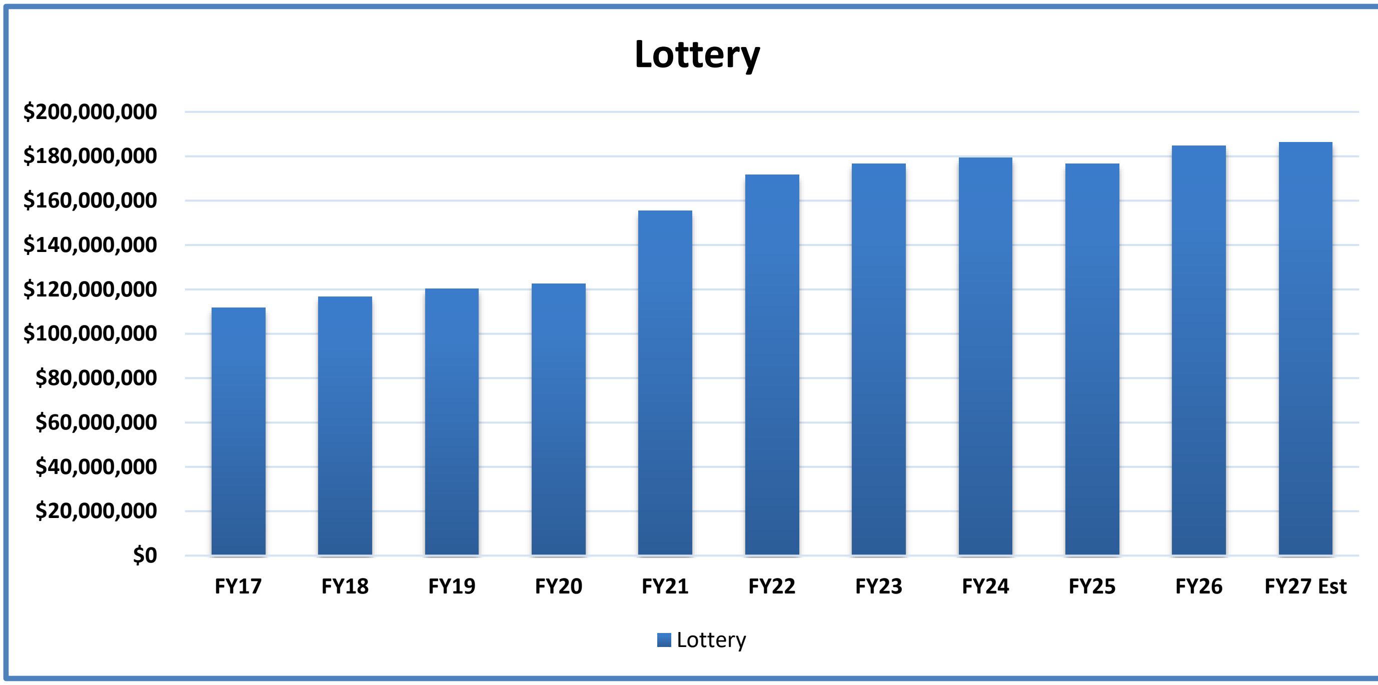
R^2 = .9583

	Actual FY2025	**Actual FY2026**	**Interim Estimate FY2027**
Ongoing SUT	1,432,631,137	1,527,005,026	1,596,612,746
Dollar Change	(9,047,633)	94,373,889	69,607,720
Percent Change	*(0.63)%*	*6.59%*	*4.56%*
One-time SUT	0	4,135,875	0
Total SUT	**1,432,631,137**	**1,531,140,900**	**1,596,612,746**
Dollar Change	(21,367,160)	98,509,763	65,471,846
Percent Change	*(1.47)%*	*6.88%*	*4.28%*

LOTTERY

FY2026 Performance: Receipts to the general fund from the lottery category totaled $184.8 million in FY2026. Video lottery receipts totaled $169.7 million, which was an increase of $4.9 million or 3.0% over FY2025. Receipts from on-line and instant tickets totaled $15.0 million, which was up $3.2 million, or 27.4%, compared to FY2025.

- All the net proceeds from the sale of instant lottery tickets are deposited in the general fund.
- Beginning in FY2019 through FY2023, the net proceeds from on-line lottery funds to the general fund increased pursuant to the passage of SB 183 from the 2018 legislative session.
- Receipts included in this category account for approximately 7.4% of ongoing general fund revenues in FY2026.



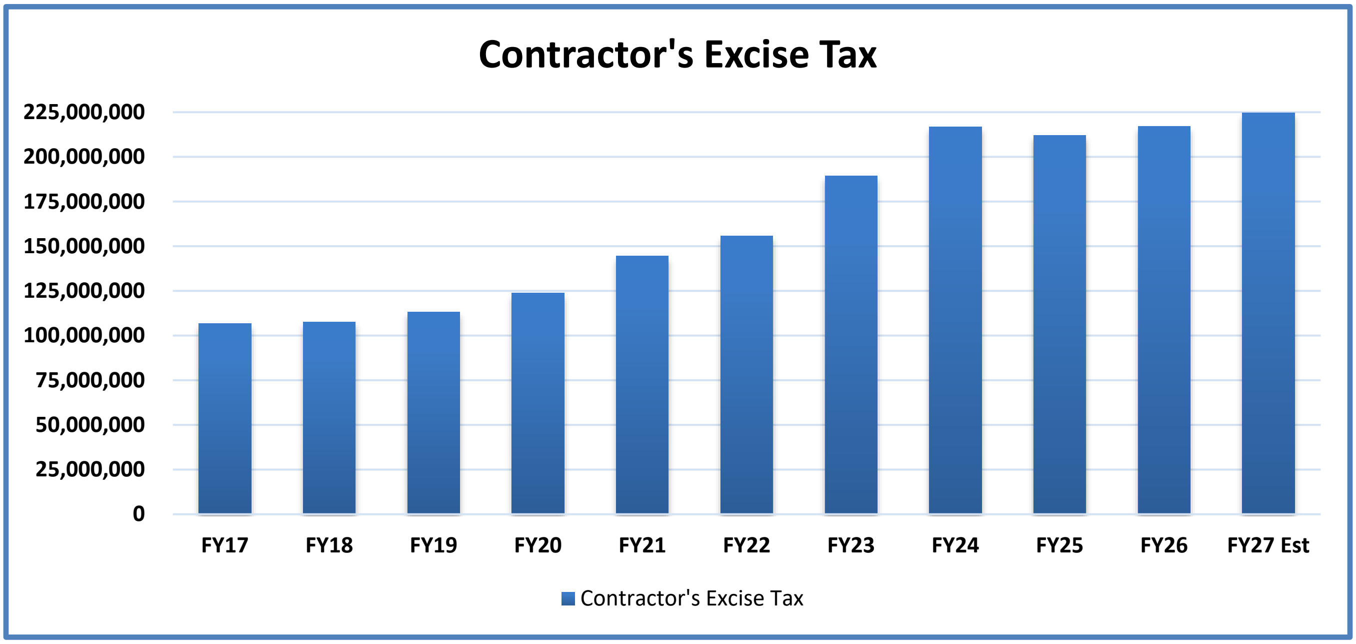
Estimate: The estimates are based on historical collections, current conditions and information provided by the South Dakota Lottery.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Instant/Online Lottery	11,790,952	15,025,163	13,182,291
Video Lottery	164,859,248	169,746,276	173,141,202
Total Receipts	**176,650,200**	**184,771,439**	**186,323,493**
Dollar Change	(2,678,573)	8,121,240	1,552,054
Percent Change	*1.49%*	*4.60%*	*0.84%*

CONTRACTOR'S EXCISE TAX

FY2026 Performance: In FY2026, net contractor's excise tax collections were $217.1 million, which was an increase of 2.4%, or $5.1 million, from FY2025. Actual FY2026 collections were $0.5 million lower than the most recent revised legislative adopted estimate.

- Net collections from the contractor's excise tax account for approximately 8.7% of ongoing general fund receipts in FY2026.



Estimate: Contractor's excise tax collections are estimated using a single regression equation. The equation and its coefficient of determination are below. (An explanation of how to read a regression equation can be found on page 9.)

Equation:
Contractor's Excise Tax Collections = -18.41 + 12.45 * (Seasonal Indicator Variable) + 0.01 * (SD Nonfarm Income) – 3.98 * (SD Unemployment Rate) + 0.22 * (SD Consumer Price Index) + 19.41 * (Stimulus Indicator Variable*Seasonal Indicator Variable).

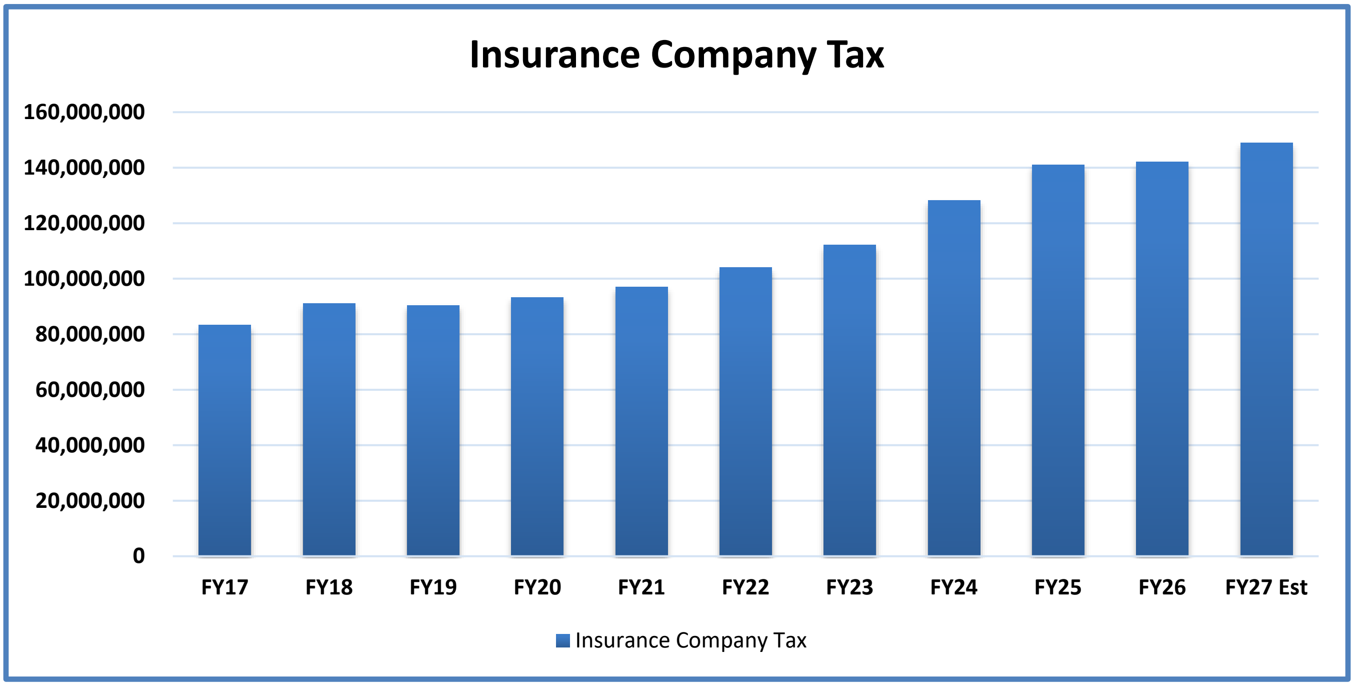
R^2 = .9793

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Total Net Receipts	212,000,571	217,065,455	224,713,300
Dollar Change	(4,712,018)	5,064,884	7,647,845
Percent Change	*(2.17)%*	*2.39%*	*3.52%*

INSURANCE COMPANY TAX

FY2026 Performance: In FY2026, insurance company tax collections totaled $142.0 million, which was up 0.8%, or $1.1 million, from FY2025. Actual FY2026 collections were $10.9 million lower than the most recent legislative adopted estimates.

- Collections from this tax account for approximately 5.7% of ongoing general fund revenues in FY2026.



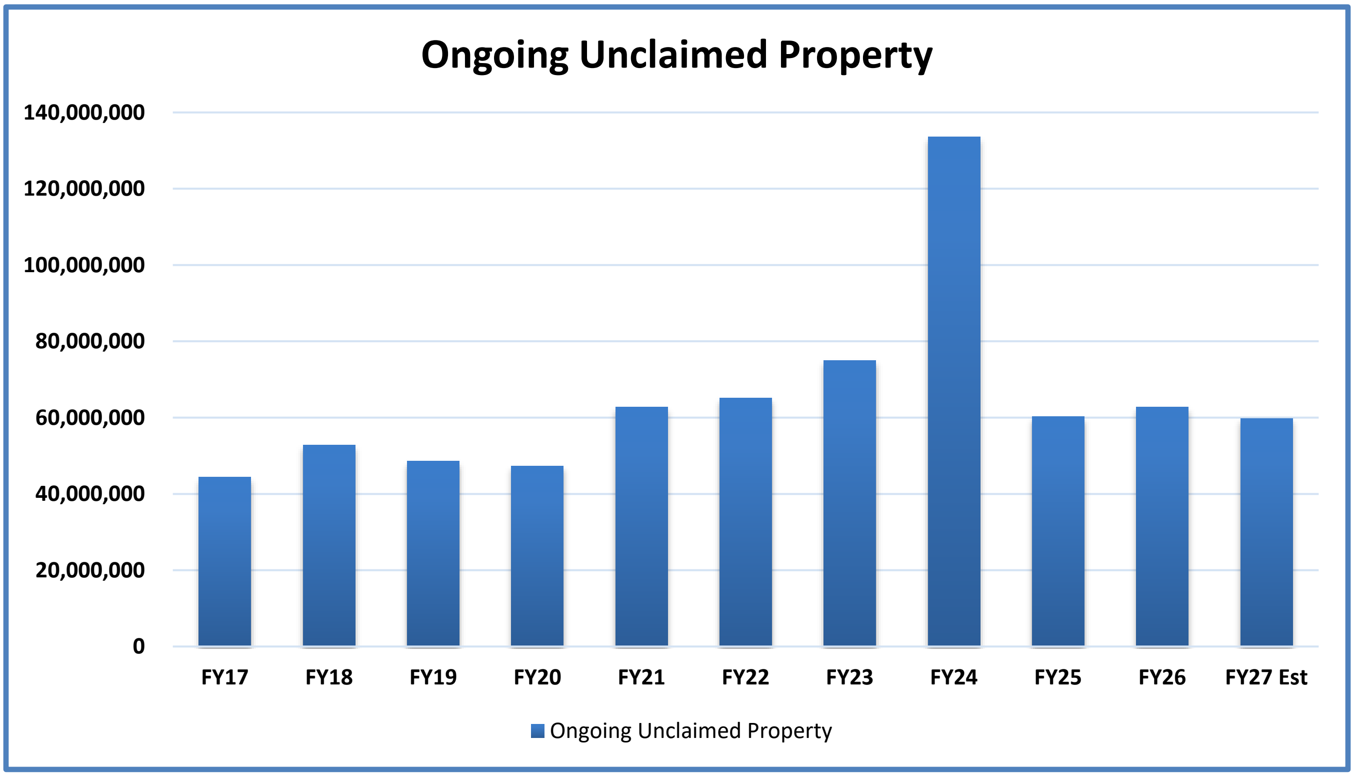
Estimate: The estimates are based on historical collections, current conditions and information provided by the Department of Labor and Regulation.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Receipts	140,941,713	142,019,085	148,925,600
Dollar Change	12,752,233	1,077,371	6,906,515
Percent Change	*9.95%*	*0.76%*	*4.86%*

UNCLAIMED PROPERTY RECEIPTS

FY2026 Performance: In FY2026, unclaimed property receipts (UCP) to the general fund totaled $62.7 million.

- Collections from unclaimed property receipts account for approximately 2.5% of ongoing general fund revenues in FY2026.
- The chart below shows the ongoing portion of unclaimed property.



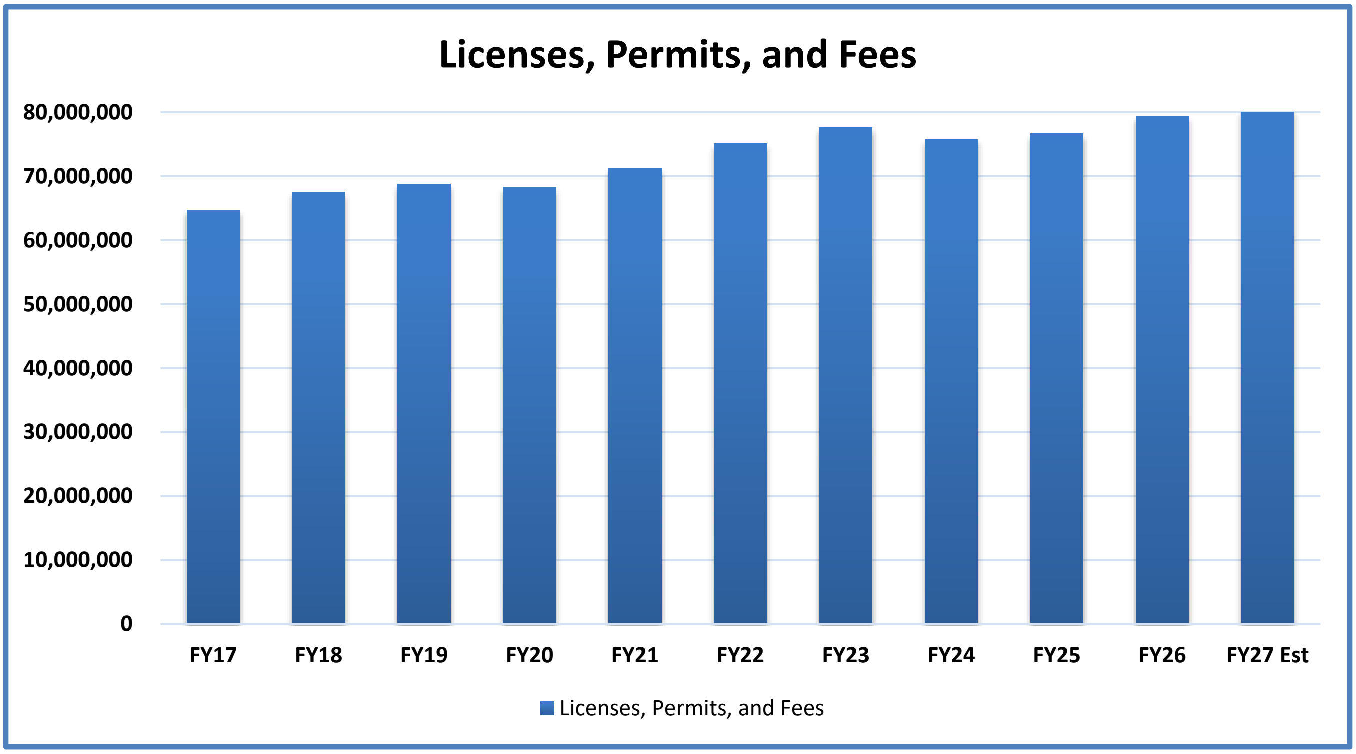
Estimate: The projections for unclaimed property receipts are based on current laws and budget projections.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Ongoing UCP	60,253,389	62,741,618	59,754,353
Dollar Change	(73,364,388)	2,488,229	(2,987,265)
Percent Change	*(54.91)%*	*4.13%*	*(4.76)%*
One-time UCP	223,720,257	0	0
Total UCP	**283,973,646**	**62,741,618**	**59,754,353**
Dollar Change	150,355,869	(221,232,028)	(2,987,265)
Percent Change	*112.53%*	*(77.91)%*	*(4.76)%*

LICENSES, PERMITS, AND FEES

FY2026 Performance: In FY2026, collections from licenses, permits, and fees totaled $79.4 million, which was up 3.5%, or $2.7 million, from FY2025. Actual FY2026 collections were $2.3 million higher than the most recent legislative adopted estimates.

- Collections in this category account for approximately 3.2% of ongoing general fund revenues in FY2026.



Estimate: The different sources of receipts included in this category are estimated individually based on historical collections and current conditions.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Receipts	76,648,880	79,357,600	80,475,537
Dollar Change	887,036	2,708,720	1,117,937
Percent Change	*1.17%*	*3.53%*	*1.41%*

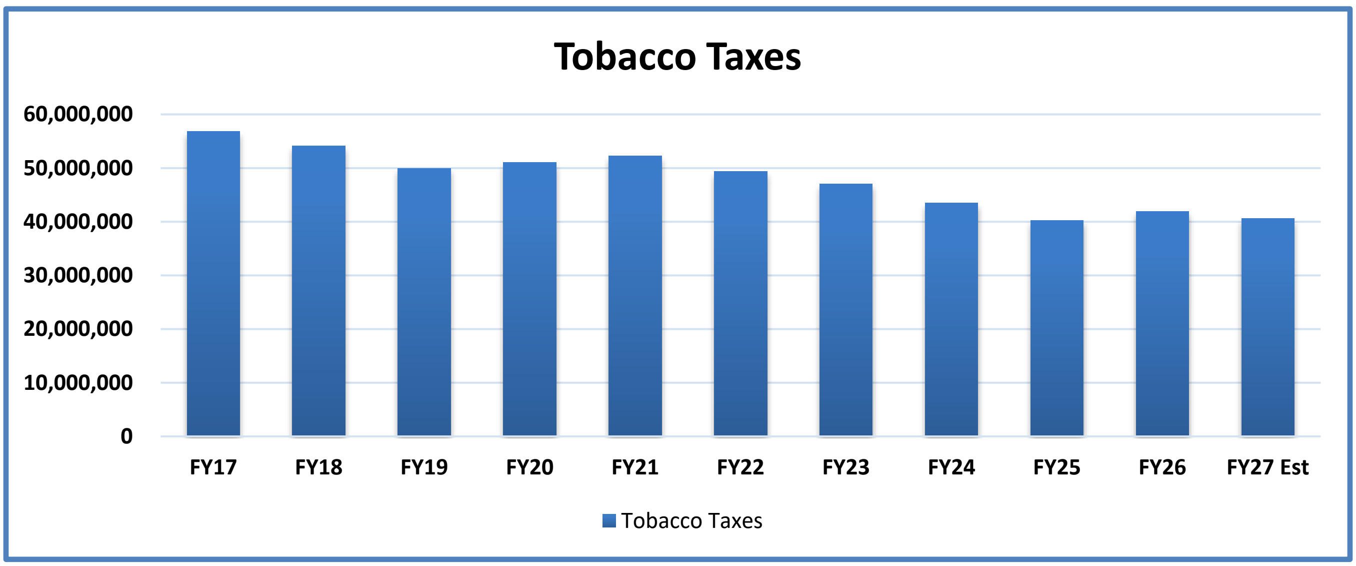
TOBACCO TAXES

FY2026 Performance: In FY2026, the total collections from the tobacco taxes were $43.9 million of which $41.9 million was deposited into the general fund and $2.0 million was dedicated to tobacco prevention. In FY2026, cigarette taxes totaled $31.9 million, which was a decrease of $1.3 million, or 3.8%, compared to FY2025. Other tobacco taxes totaled $12.1 million, which was a decrease of $0.1 million, or 0.7%, from FY2025.

- Approximately 73% of the collections included in this category are from the tax on cigarettes, and the remaining 27% is collected based on the tax on the wholesale purchase price of other tobacco products.
- Collections in this category account for approximately 1.7% of ongoing general fund receipts in FY2026.
- The total estimates and breakdown of where the dollars go are included in the following table.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
General Fund	30,000,000	30,000,000	30,000,000
TPRTF	5,000,000	2,000,000	2,000,000
Remainder to GF	10,280,193	11,934,395	10,641,700
Total	**45,280,193**	**43,934,395**	**42,641,700**

- The following chart includes the amount allocated directly to the general fund:



Estimate: Collections from the tax on cigarettes and other tobacco products are estimated individually. The general fund is forecast to receive $40.6 million in FY2026.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Total Receipts	40,280,193	41,934,395	40,641,700
Dollar Change	(3,181,961)	1,654,201	(1,292,685)
Percent Change	*(7.32)%*	*4.11%*	*(3.08)%*

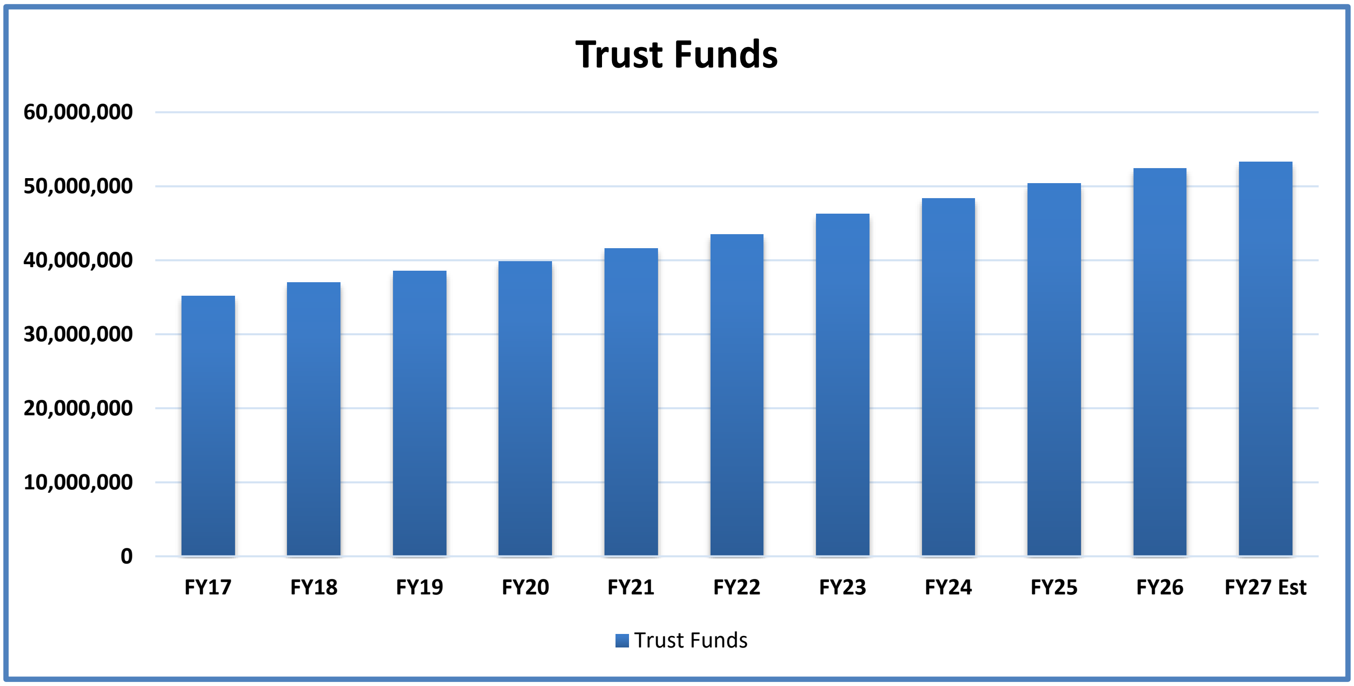
TRUST FUNDS

FY2026 Performance: Transfers from the trust funds to the general fund in FY2026 totaled $52.4 million, which was an increase of 4.0%, or $2.0 million, from FY2025.

- The table below shows the amounts transferred from each of the trust funds to the general fund in FY2025 and FY2026, and the estimated amounts for FY2027.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
HCTF	7,925,672	8,655,091	8,727,324
EETF	27,383,330	28,652,310	29,294,783
DCTF	15,057,005	15,079,721	15,305,917
Total	50,366,006	52,387,122	53,328,024

- Receipts from the trust funds account for approximately 2.1% of ongoing general fund revenues in FY2026.



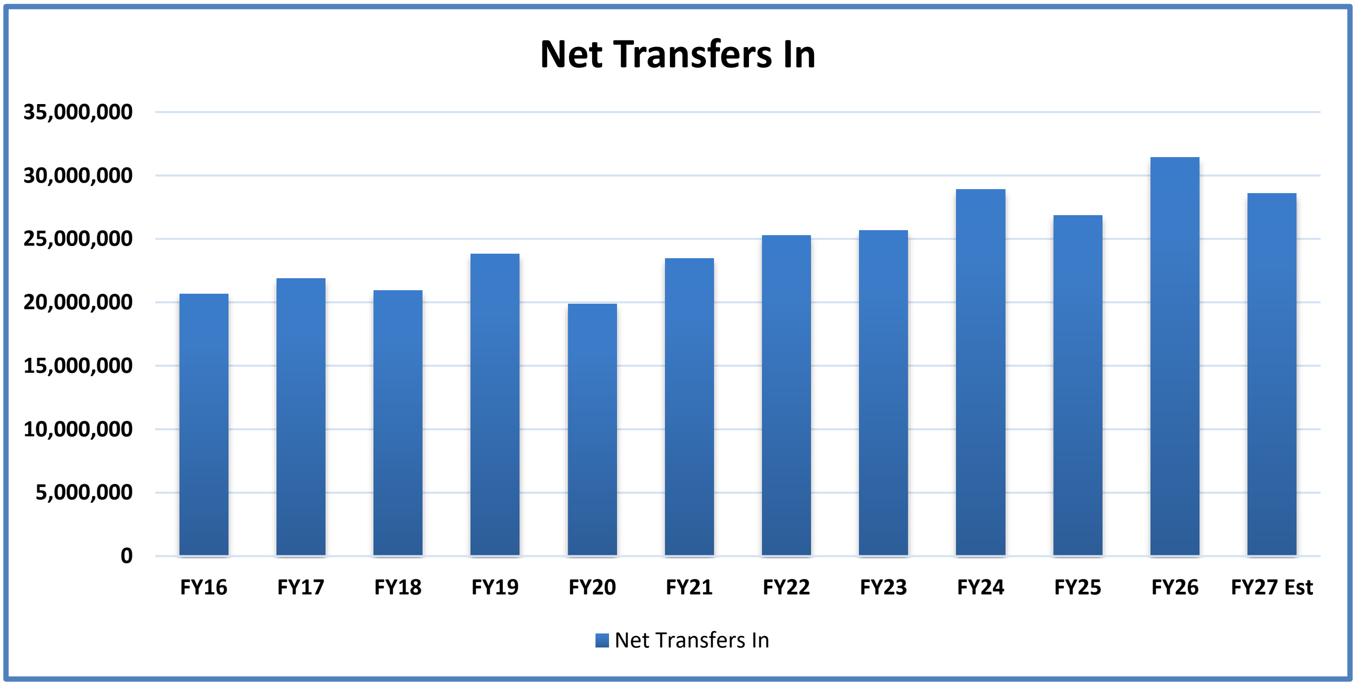
Estimate: The estimate for FY2027 includes the constitutionally required transfer from the Dakota Cement Trust and the amounts to be transferred from the Health Care Trust Fund and Education Enhancement Trust Fund pursuant to SDCL 4-5-29.1 and SDCL 4-5-29.2.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Total Receipts	50,366,006	52,387,122	53,328,024
Dollar Change	2,031,813	2,021,116	940,902
Percent Change	*4.20%*	*4.01%*	*1.80%*

NET TRANSFERS IN

FY2026 Performance: In FY2026, collections from ongoing net transfers in (NTI) totaled $31.4 million, which was an increase of 17.0%, or $4.6 million, from FY2025. Actual collections in FY2026 were $3.4 million higher than the most recent legislative adopted estimate.

- Receipts included in this category account for approximately 1.3% of ongoing general fund revenues in FY2026.



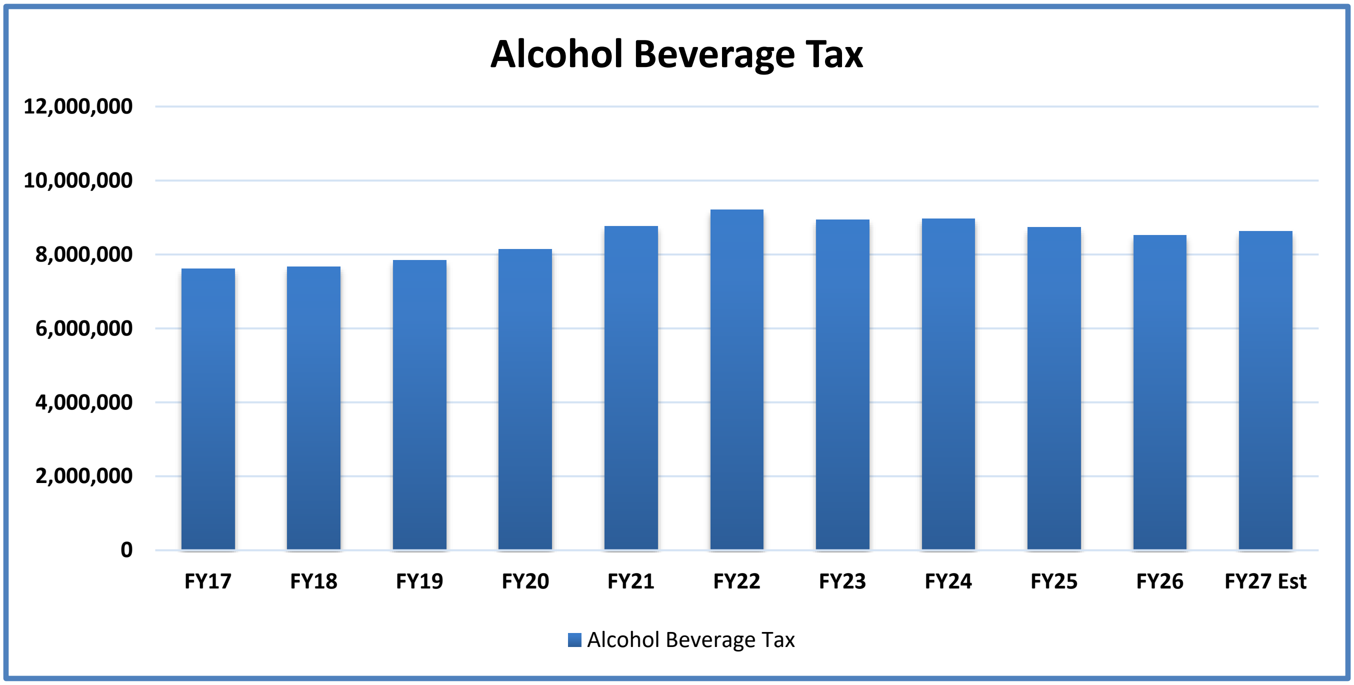
Estimate: The different sources of receipts included in this category are broken out and estimated individually based on historical collections and current conditions.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Ongoing NTI	26,865,300	31,434,122	28,569,829
Dollar Change	(2,035,742)	4,568,823	(2,864,293)
Percent Change	*(7.04)%*	*17.01%*	*(9.11)%*

ALCOHOL BEVERAGE TAX

FY2026 Performance: Alcohol beverage tax collections to the general fund in FY2026 totaled $8.5 million, down 2.4%, or $0.2 million, compared to FY2025. Actual FY2026 collections were down 3.9% from the most recent legislative adopted estimate.

- Prior to FY2017, the state received 75% of the tax collected, and 25% of the collections went to the municipalities.
- Beginning in FY2017 per the passage of SB 2, the state receives 50% of the tax collected with 25% going to the municipalities and 25% going to the counties.
- Collections from this tax account for approximately 0.3% of ongoing general fund revenues in FY2026.



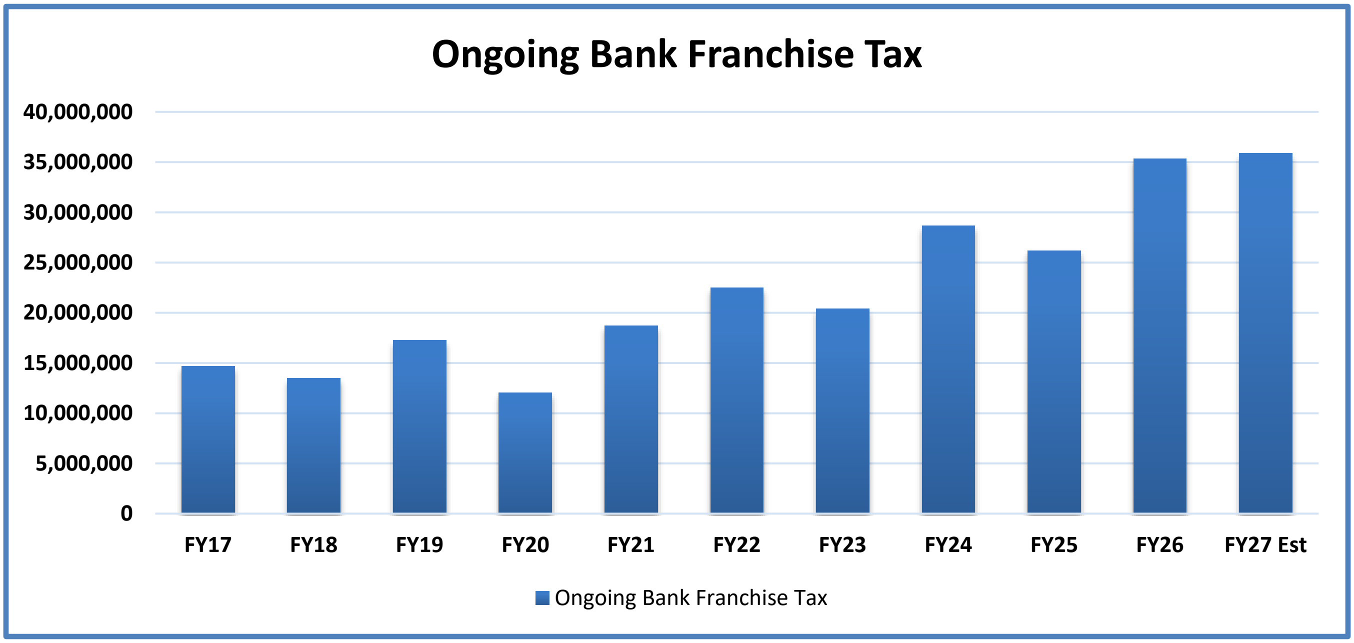
Estimate: The estimates are based on historical collections and current conditions.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Total Receipts	8,730,061	8,521,457	8,630,558
Dollar Change	(239,457)	(208,604)	109,101
Percent Change	*(2.67)%*	*(2.39)%*	*1.28%*

BANK FRANCHISE TAX

FY2026 Performance: In FY2026, ongoing bank franchise tax (BFT) collections totaled $35.3 million, which was an increase of $9.2 million, or 35.0%, compared to FY2025. Ongoing FY2026 bank tax collections were $5.4 million higher than the most recent legislative adopted estimate. One-time bank franchise tax collections in FY2026 totaled $1.8 million.

- 95% of the taxes paid by bank card taxpayers and 26 2/3% of all other revenues are deposited in the general fund. The remaining 5% of collections from bank card taxpayers and the 73 1/3% of revenues received from all other banks are remitted to the county where the bank or financial institution is located.
- Collections from this tax account for approximately 1.4% of ongoing general fund revenues in FY2026.



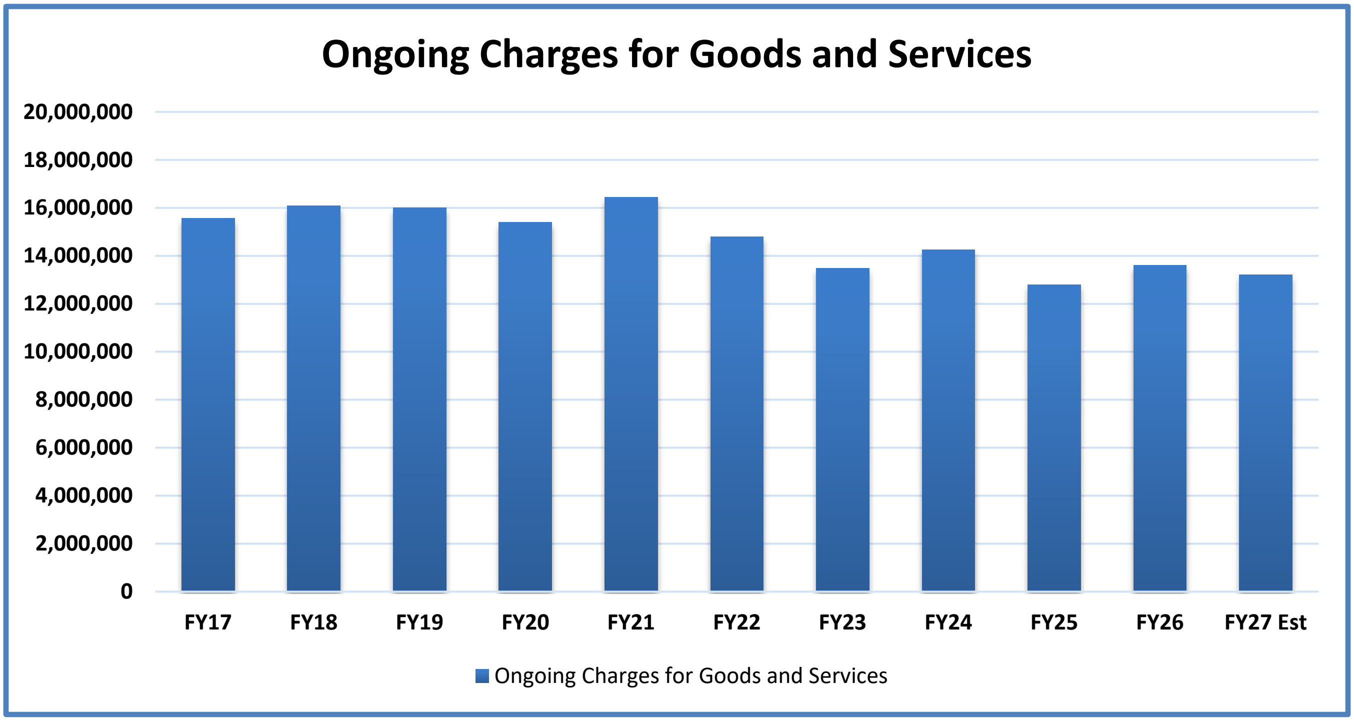
Estimate: Collections received from bank card taxpayers and other banks are estimated individually. The estimate is based on historical collections and current conditions.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Ongoing BFT	26,180,028	35,345,706	35,866,320
Dollar Change	(2,479,228)	9,165,678	520,614
Percent Change	*(8.65)%*	*35.01%*	*1.47%*
One-Time BFT	1,414,044	1,761,519	0
Total BFT	**27,594,072**	**37,107,225**	**35,866,320**
Dollar Change	(2,508,575)	9,513,153	(1,240,905)
Percent Change	*(8.33)%*	*34.48%*	*(3.34)%*

CHARGES FOR GOODS AND SERVICES

FY2026 Performance: In FY2026, the charges for goods and services totaled $13.6 million, an increase of $0.8 million, or 6.4%, compared to FY2025 collections. Actual FY2026 collections were $0.5 million higher than the most recent legislative adopted estimate.

- Revenues to the general fund from this category are relatively constant from year to year.
- Receipts included in this category account for approximately 0.5% of ongoing general fund revenues in FY2026.



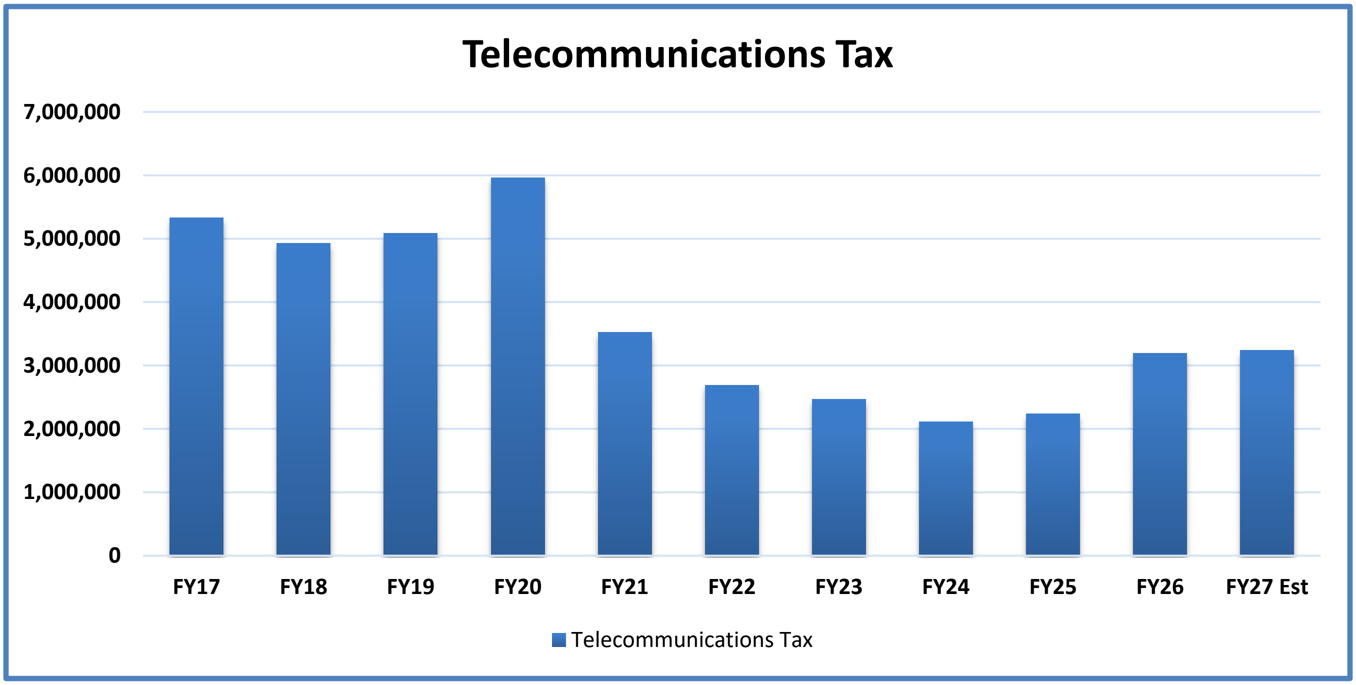
Estimate: The different sources of receipts included in this category are broken out and estimated individually based on historical collections and current conditions.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Ongoing CGS	12,795,328	13,609,800	13,217,238
Dollar Change	(1,467,568)	814,472	(392,562)
Percent Change	*(10.29)%*	*6.37%*	*(2.88)%*

TELECOMMUNICATIONS TAX

FY2026 Performance: In FY2026, the telecommunications tax totaled $3.2 million, an increase of $1.0 million, or 42.6%, compared to FY2025 collections. Actual FY2026 collections were $0.2 million higher than the most recent legislative adopted estimate.

- A gross receipts tax is imposed at the rate of 4% of telecommunications services within the state (SDCL 10-33A). The state general fund receives 60% of the revenue generated from this tax with the remaining 40% deposited into the County Telecommunications Gross Receipts Fund.



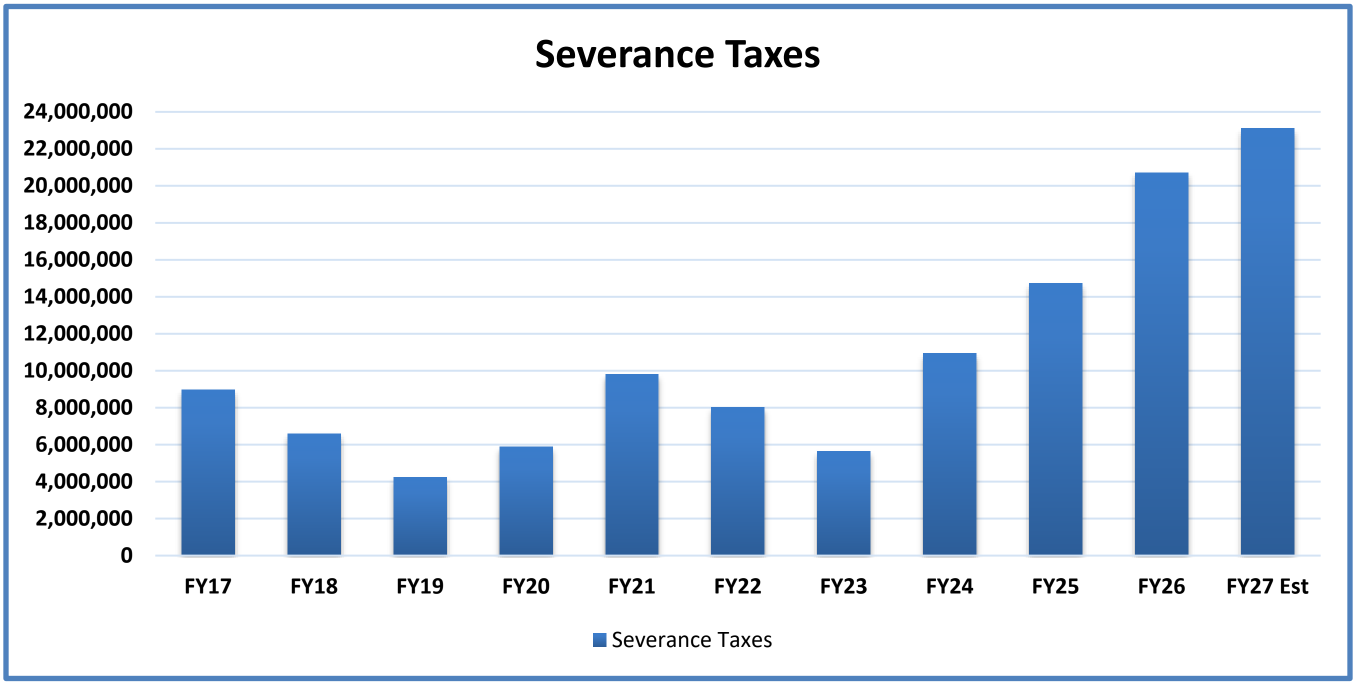
Estimate: Collections from the telecommunications tax is based on historical collections and current conditions.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Total Receipts	2,237,317	3,190,014	3,237,864
Dollar Change	121,247	952,697	47,850
Percent Change	*5.73%*	*42.58%*	*1.50%*

SEVERANCE TAXES

FY2026 Performance: Severance tax collections totaled $20.7 million in FY2026, which was up $6.0 million, or 40.7%, from FY2025. Collections from energy mineral severance taxes (primarily oil) totaled $1.0 million, which was down $0.2 million, or 17.0%, compared to FY2025. Collections from precious metal severance taxes (primarily gold) totaled $19.7 million, which was up $6.2 million, or 46.1%, compared to FY2025. Total FY2026 severance tax collections were $3.3 million lower than the most recent legislative adopted estimate.

- Currently, all precious metal severance taxes are deposited in the general fund.
- One-half of the energy mineral severance taxes received are returned to the county where the energy minerals were severed and one-half of the taxes are deposited in the general fund.
- Collections included in this category account for approximately 0.8% of ongoing general fund revenues in FY2026.



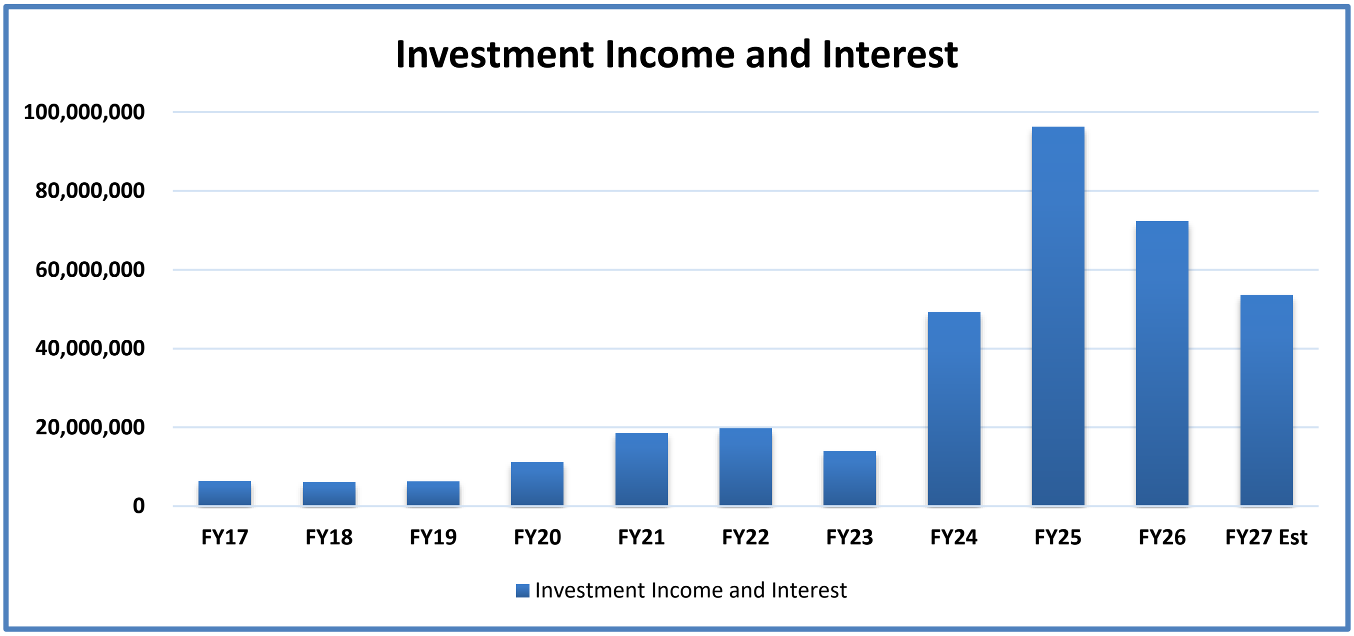
Estimate: Collections from taxes on precious metals and energy minerals are estimated separately. The estimates of collections from the severance taxes on gold and precious metals are based on history as well as gold prices. The estimates of collections from the tax on energy minerals are based on history and the projected price of crude oil and natural gas.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Total Receipts	14,719,152	20,709,249	23,102,124
Dollar Change	3,786,453	5,990,096	2,392,875
Percent Change	*34.63%*	*40.70%*	*11.55%*

INVESTMENT INCOME AND INTEREST

FY2026 Performance: In FY2026, collections from investment income and interest totaled $72.2 million, a decrease of $24.0 million, or 24.9%, compared to FY2025. Total FY2026 collections were within $0.1 million of the most recent legislative adopted estimate.

- Revenues included in this category are from interest and the investment earnings of the general fund and nonparticipating funds in the cash flow fund. Nonparticipating means the earnings attributable to the company are deposited in the general fund. The South Dakota Investment Council is responsible for investing the money in the cash flow fund.
- This category also includes some interest and rent income from the Department of Social Services and the Department of Corrections.
- Receipts in this category account for approximately 2.9% of ongoing general fund revenues in FY2026.



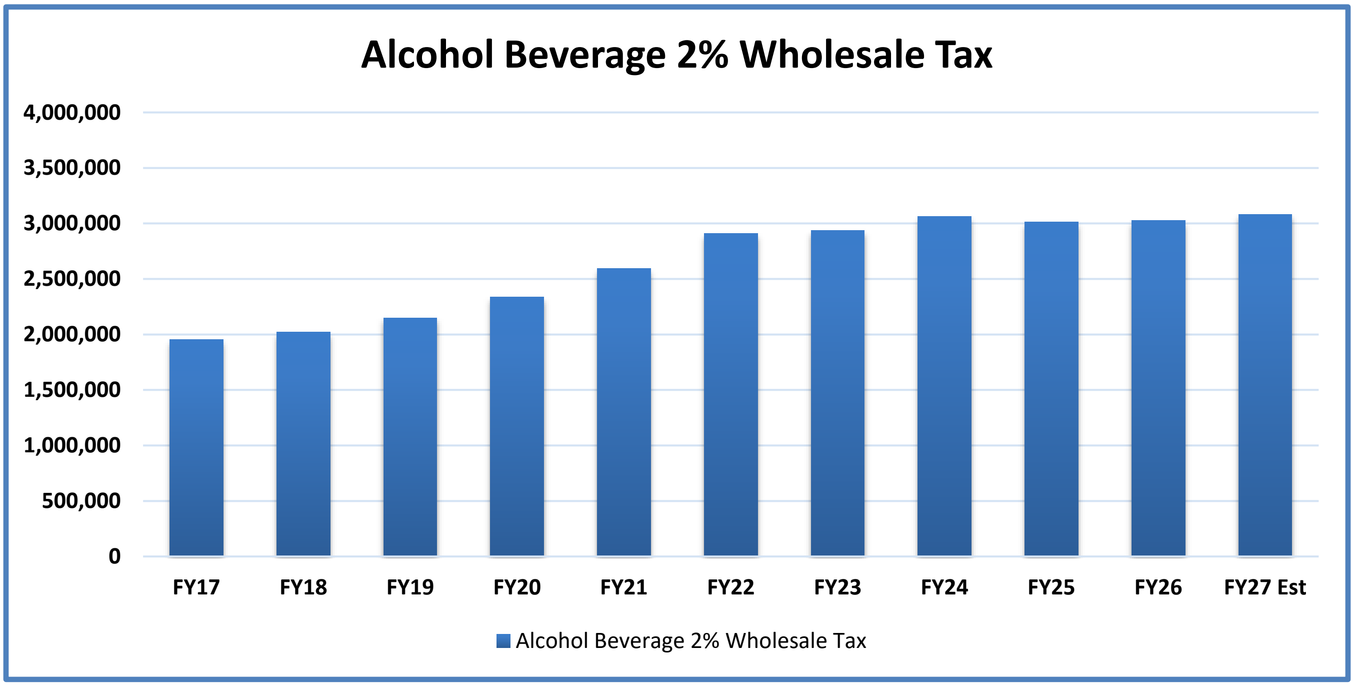
Estimate: The estimate is based on information provided by the South Dakota Investment Council and historical collections. The estimated yield of the cash flow fund for this past year was approximately 3.9%.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Total Receipts	96,234,677	72,241,654	53,575,877
Dollar Change	46,916,171	(23,993,023)	(18,665,777)
Percent Change	*95.13%*	*(24.93)%*	*(25.84)%*

ALCOHOL BEVERAGE 2% WHOLESALE TAX

FY2026 Performance: Collections in FY2026 totaled $3.0 million, up 0.4% from FY2025. Actual FY2026 collections were $0.1 million lower than the most recent legislative adopted estimate.

- Collections from this tax account for approximately 0.1% of ongoing general fund revenues in FY2026.



Estimate: The estimates are based on historical collections and current conditions.

	Actual FY2025	Actual FY2026	Interim Estimate FY2027
Total Receipts	3,015,131	3,025,954	3,083,501
Dollar Change	(48,640)	10,824	57,547
Percent Change	*(1.59)%*	*0.36%*	*1.90%*