



REVENUE **F**ORECASTS

2021 Interim

July 21, 2021

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MEMORANDUM

TO: Governor Kristi Noem and Interim Joint Committee on Appropriations

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

SUBJECT: Interim FY2022 Revenue Projections

DATE: July 21, 2021

In accordance with the provisions of SDCL 4-8A-16, the following report includes actual revenue for FY2020 and FY2021 and updated revenue projections for FY2022 for the various sources of revenue that flow to the state general fund.

The updated FY2022 revenue estimates from the Bureau of Finance and Management total \$1,900,367,224 on an ongoing basis. This updated projection is \$67,053,785 or 3.66 percent higher than the Legislative Adopted FY2022 estimate. Since this most recent forecast is higher than the Adopted FY2022 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 FY2020	ACTUAL FY2021	BFM INTERIM FY2022
ONGOING RECEIPTS			
Sales and Use Tax	1,072,830,649	1,209,342,342	1,201,950,650
Lottery	122,489,001	155,527,049	145,956,694
Contractor's Excise Tax	123,723,519	144,448,267	143,536,020
Insurance Company Tax	93,271,112	97,010,439	100,112,540
Unclaimed Property Receipts	47,308,472	62,809,930	46,693,893
Licenses, Permits, and Fees	68,277,940	71,212,896	70,010,065
Tobacco Taxes	51,066,112	52,314,193	51,435,711
Trust Funds	39,859,256	41,628,039	43,335,554
Net Transfers In	19,858,120	23,471,494	22,932,418
Alcohol Beverage Tax	8,142,691	8,767,726	8,840,735
Bank Franchise Tax	12,060,604	18,702,022	17,276,646
Charges for Goods and Services	15,403,871	16,444,429	15,412,246
Telecommunications Tax	5,964,072	3,520,578	3,507,312
Severance Taxes	5,881,928	9,810,601	7,868,785
Investment Income and Interest	11,150,037	18,592,297	18,897,768
Alcohol Bev 2% Wholesale Tax	2,335,754	2,596,157	2,600,187
TOTAL (ONGOING RECEIPTS)	<u>\$1,699,623,137</u>	<u>\$1,936,198,459</u>	<u>\$1,900,367,224</u>
ONE-TIME RECEIPTS			
Refinancing Gains/Transfer from SDBA	7,082,539	6,745,654	0
Closeout of SDRC Inc. Funds	0	3,381,726	0
Bank Franchise Tax Prior Year Revenue	0	10,013,790	0
One-Time Sales and Use Tax	0	13,486,289	43,000,000
Unexpended Carryovers and Specials	425,135	4,125,561	0
Transfer from Budget Reserve Fund	14,859,866	0	0
Obligated Cash Carried Forward	19,354,553	19,093,963	85,875,130
Prior Period Adjustment	0	22,523,535	0
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ 41,722,093</u>	<u>\$ 79,370,518</u>	<u>\$ 128,875,130</u>
GRAND TOTAL	<u><u>\$1,741,345,230</u></u>	<u><u>\$2,015,568,977</u></u>	<u><u>\$2,029,242,354</u></u>

ACTUAL FY2020 vs. ACTUAL FY2021 RECEIPTS

	ACTUAL FY2020	ACTUAL FY2021	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,072,830,649	1,209,342,342	136,511,693	12.72
Lottery	122,489,001	155,527,049	33,038,048	26.97
Contractor's Excise Tax	123,723,519	144,448,267	20,724,748	16.75
Insurance Company Tax	93,271,112	97,010,439	3,739,327	4.01
Unclaimed Property Receipts	47,308,472	62,809,930	15,501,458	32.77
Licenses, Permits, and Fees	68,277,940	71,212,896	2,934,957	4.30
Tobacco Taxes	51,066,112	52,314,193	1,248,081	2.44
Trust Funds	39,859,256	41,628,039	1,768,783	4.44
Net Transfers In	19,858,120	23,471,494	3,613,374	18.20
Alcohol Beverage Tax	8,142,691	8,767,726	625,035	7.68
Bank Franchise Tax	12,060,604	18,702,022	6,641,418	55.07
Charges for Goods and Services	15,403,871	16,444,429	1,040,559	6.76
Telecommunications Tax	5,964,072	3,520,578	(2,443,494)	(40.97)
Severance Taxes	5,881,928	9,810,601	3,928,673	66.79
Investment Income and Interest	11,150,037	18,592,297	7,442,260	66.75
Alcohol Bev 2% Wholesale Tax	2,335,754	2,596,157	260,403	11.15
TOTAL (ONGOING RECEIPTS)	\$ 1,699,623,137	\$ 1,936,198,459	\$ 236,575,322	13.92
ONE-TIME RECEIPTS				
Refinancing Gains/Transfer from SDBA	7,082,539	6,745,654	(336,885)	(4.76)
Closeout of SDRC Inc. Funds	0	3,381,726	3,381,726	N/A
Bank Franchise Tax Prior Year Revenue	0	10,013,790	10,013,790	N/A
One-Time Sales and Use Tax	0	13,486,289	13,486,289	N/A
Unexpended Carryovers and Specials	425,135	4,125,561	3,700,426	870.41
Transfer from Budget Reserve Fund	14,859,866	0	(14,859,866)	(100.00)
Obligated Cash Carried Forward	19,354,553	19,093,963	(260,590)	(1.35)
Prior Period Adjustment	0	22,523,535	22,523,535	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 41,722,093	\$ 79,370,518	\$ 37,648,425	90.24
GRAND TOTAL	\$ 1,741,345,230	\$ 2,015,568,977	\$ 274,223,747	15.75

ACTUAL FY2021 RECEIPTS VS. ADOPTED FY2022 ESTIMATE

	ACTUAL FY2021	LEG ADOPTED FY2022	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,209,342,342	1,157,606,191	(51,736,151)	(4.28)
Lottery	155,527,049	139,393,130	(16,133,919)	(10.37)
Contractor's Excise Tax	144,448,267	141,633,824	(2,814,443)	(1.95)
Insurance Company Tax	97,010,439	97,376,447	366,008	0.38
Unclaimed Property Receipts	62,809,930	45,342,907	(17,467,023)	(27.81)
Licenses, Permits, and Fees	71,212,896	70,353,289	(859,607)	(1.21)
Tobacco Taxes	52,314,193	52,484,357	170,164	0.33
Trust Funds	41,628,039	43,053,117	1,425,078	3.42
Net Transfers In	23,471,494	20,700,293	(2,771,201)	(11.81)
Alcohol Beverage Tax	8,767,726	8,707,962	(59,764)	(0.68)
Bank Franchise Tax	18,702,022	14,941,359	(3,760,663)	(20.11)
Charges for Goods and Services	16,444,429	15,225,703	(1,218,726)	(7.41)
Telecommunications Tax	3,520,578	4,568,114	1,047,536	29.75
Severance Taxes	9,810,601	7,855,207	(1,955,394)	(19.93)
Investment Income and Interest	18,592,297	11,423,584	(7,168,713)	(38.56)
Alcohol Bev 2% Wholesale Tax	2,596,157	2,647,955	51,798	2.00
TOTAL (ONGOING RECEIPTS)	<u>\$ 1,936,198,459</u>	<u>\$ 1,833,313,439</u>	<u>\$ (102,885,020)</u>	<u>(5.31)</u>
ONE-TIME RECEIPTS				
Refinancing Gains/Transfer from SDBA	6,745,654	0	(6,745,654)	(100.00)
Closeout of SDRC Inc. Funds	3,381,726	0	(3,381,726)	(100.00)
Bank Franchise Tax Prior Year Revenue	10,013,790	0	(10,013,790)	(100.00)
One-Time Sales and Use Tax	13,486,289	25,000,000	11,513,711	85.37
Unexpended Carryovers and Specials	4,125,561	0	(4,125,561)	(100.00)
Transfer from Budget Reserve Fund	0	0	0	N/A
Obligated Cash Carried Forward	19,093,963	0	(19,093,963)	(100.00)
Prior Period Adjustment	22,523,535	0	(22,523,535)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ 79,370,518</u>	<u>\$ 25,000,000</u>	<u>\$ (54,370,518)</u>	<u>(68.50)</u>
GRAND TOTAL	<u><u>\$ 2,015,568,977</u></u>	<u><u>\$ 1,858,313,439</u></u>	<u><u>\$ (157,255,538)</u></u>	<u><u>(7.80)</u></u>

ACTUAL FY2021 RECEIPTS VS. INTERIM FY2022 FORECAST

	ACTUAL FY2021	BFM INTERIM FY2022	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,209,342,342	1,201,950,650	(7,391,692)	(0.61)
Lottery	155,527,049	145,956,694	(9,570,355)	(6.15)
Contractor's Excise Tax	144,448,267	143,536,020	(912,247)	(0.63)
Insurance Company Tax	97,010,439	100,112,540	3,102,101	3.20
Unclaimed Property Receipts	62,809,930	46,693,893	(16,116,037)	(25.66)
Licenses, Permits, and Fees	71,212,896	70,010,065	(1,202,831)	(1.69)
Tobacco Taxes	52,314,193	51,435,711	(878,482)	(1.68)
Trust Funds	41,628,039	43,335,554	1,707,515	4.10
Net Transfers In	23,471,494	22,932,418	(539,076)	(2.30)
Alcohol Beverage Tax	8,767,726	8,840,735	73,009	0.83
Bank Franchise Tax	18,702,022	17,276,646	(1,425,376)	(7.62)
Charges for Goods and Services	16,444,429	15,412,246	(1,032,183)	(6.28)
Telecommunications Tax	3,520,578	3,507,312	(13,266)	(0.38)
Severance Taxes	9,810,601	7,868,785	(1,941,816)	(19.79)
Investment Income and Interest	18,592,297	18,897,768	305,471	1.64
Alcohol Bev 2% Wholesale Tax	2,596,157	2,600,187	4,030	0.16
TOTAL (ONGOING RECEIPTS)	<u>\$ 1,936,198,459</u>	<u>\$ 1,900,367,224</u>	<u>\$ (35,831,235)</u>	<u>(1.85)</u>
ONE-TIME RECEIPTS				
Refinancing Gains/Transfer from SDBA	6,745,654	0	(6,745,654)	(100.00)
Closeout of SDRC Inc. Funds	3,381,726	0	(3,381,726)	(100.00)
Bank Franchise Tax Prior Year Revenue	10,013,790	0	(10,013,790)	(100.00)
One-Time Sales and Use Tax	13,486,289	43,000,000	29,513,711	218.84
Unexpended Carryovers and Specials	4,125,561	0	(4,125,561)	(100.00)
Transfer from Budget Reserve Fund	0	0	0	N/A
Obligated Cash Carried Forward	19,093,963	85,875,130	66,781,167	349.75
Prior Period Adjustment	22,523,535	0	(22,523,535)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ 79,370,518</u>	<u>\$ 128,875,130</u>	<u>\$ 49,504,612</u>	<u>62.37</u>
GRAND TOTAL	<u><u>\$ 2,015,568,977</u></u>	<u><u>\$ 2,029,242,354</u></u>	<u><u>\$ 13,673,377</u></u>	<u><u>0.68</u></u>

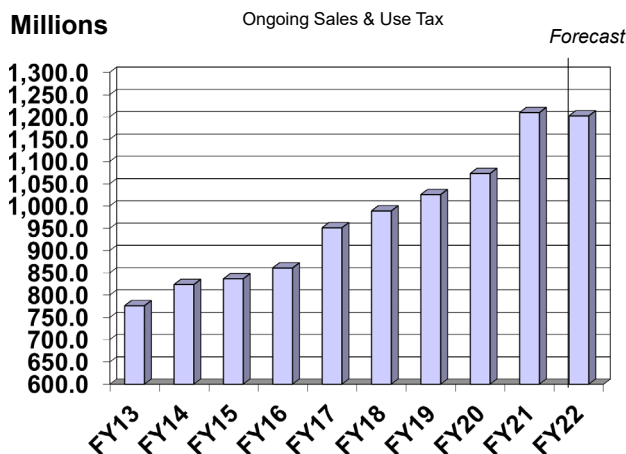
ADOPTED FY2022 ESTIMATE VS. INTERIM FY2022 FORECAST

	LEG ADOPTED FY2022	BFM INTERIM FY2022	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,157,606,191	1,201,950,650	44,344,459	3.83
Lottery	139,393,130	145,956,694	6,563,564	4.71
Contractor's Excise Tax	141,633,824	143,536,020	1,902,196	1.34
Insurance Company Tax	97,376,447	100,112,540	2,736,093	2.81
Unclaimed Property Receipts	45,342,907	46,693,893	1,350,986	2.98
Licenses, Permits, and Fees	70,353,289	70,010,065	(343,224)	(0.49)
Tobacco Taxes	52,484,357	51,435,711	(1,048,646)	(2.00)
Trust Funds	43,053,117	43,335,554	282,437	0.66
Net Transfers In	20,700,293	22,932,418	2,232,125	10.78
Alcohol Beverage Tax	8,707,962	8,840,735	132,773	1.52
Bank Franchise Tax	14,941,359	17,276,646	2,335,287	15.63
Charges for Goods and Services	15,225,703	15,412,246	186,543	1.23
Telecommunications Tax	4,568,114	3,507,312	(1,060,802)	(23.22)
Severance Taxes	7,855,207	7,868,785	13,578	0.17
Investment Income and Interest	11,423,584	18,897,768	7,474,184	65.43
Alcohol Bev 2% Wholesale Tax	2,647,955	2,600,187	(47,768)	(1.80)
TOTAL (ONGOING RECEIPTS)	<u>\$ 1,833,313,439</u>	<u>\$ 1,900,367,224</u>	<u>\$ 67,053,785</u>	<u>3.66</u>
ONE-TIME RECEIPTS				
One-Time Sales and Use Tax	25,000,000	43,000,000	18,000,000	72.00
Obligated Cash Carried Forward	0	85,875,130	85,875,130	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ 25,000,000</u>	<u>\$ 128,875,130</u>	<u>\$ 103,875,130</u>	<u>415.50</u>
GRAND TOTAL	<u><u>\$ 1,858,313,439</u></u>	<u><u>\$ 2,029,242,354</u></u>	<u><u>\$ 170,928,915</u></u>	<u><u>9.20</u></u>

SALES AND USE TAX

FY2021 Performance: In FY2021, ongoing sales and use tax collections were \$1,209.3 million, which was an increase of 12.7% or \$136.5 million over FY2020. Total sales and use tax collections for FY2021 were \$1,222.8 million, or 14.0% over FY2020. Total actual FY2021 collections were \$26.6 million higher than the most recent revised legislative adopted estimate.

- The average annual increase in collections between FY2013 and FY2021 was 5.7%.
- Net collections from the sales and use tax account for approximately 62.5 % of ongoing general fund revenues in FY2021.



Estimate: Due to the broad nature of the sales and use tax, there are many different variables influencing collections including employment, income, the unemployment rate, inflation, etc. To quantify these theories, regression equations are used to see if historically there has been a statistically significant relationship between these and other variables, and sales and use tax collections. The sales and use tax data is divided into five different categories to account for the broad base of the sales and use tax. Independent variables are then used in the equations to see if historically a statistically significant relationship between them and taxable sales has existed. After finding the best fitting regression equation for each of the five categories, sales and use tax collections are forecasted. The regression equations used in the forecast, the coefficient of determination (R^2) associated with the equations, and a brief explanation of how to read regression equations are below.

Equation 1: Consumer Spending on Durables and Services (STCDS)

STCDS = $-127.10 + 0.06 \times \text{SD Nonfarm Income} + 210.02 \times \text{Seasonal Dummy Variable} + 5.34 \times \text{SD Manufacturing Employment} + 38.49 \times \text{SD Housing Starts}$
 $R^2 = .9928$

Equation 2: Business Related Purchases/Consumer Spending on Nondurables (STBUSCND)

STBUSCND = $-2105.33 + 4.23 \times \text{SD Nonfarm Employment} + 298.11 \times \text{Seasonal Dummy Variable} + 0.65 \times \text{Exports} + 1128.69 \times \text{CPI} + 1832.20 \times \text{COVID Dummy Variable}$
 $R^2 = .9914$

Equation 3: Construction Related Purchases (STCON)

STCON = $-517.21 + 24.89 \times \text{SD Construction Employment} + 0.01 \times (\text{SD Nonfarm Income} \times \text{Seasonal Dummy Variable}) + 13.43 \times \text{SD Housing Starts} + 0.05 \times \text{Wage and Salary Disbursements} + 0.04 \times \text{Farm Proprietors Income (lagged)}$
 $R^2 = .9839$

Equation 4: Recreation Related Purchases (STREC)

STREC = -107.22 + 0.02*SD Nonfarm Income + 7.33*SD Leisure and Hospitality Employment + 0.01*(SD Disposable Income*Seasonal Dummy Variable) – 0.29*oil prices – 92.86 COVID Dummy Variable

R² = .9869

Equation 5: Utilities (STUTI)

STUTI = -250.51 + 0.01*SD Nonfarm Income + 3.94*Consumer Spending on Electricity and Natural Gas + 0.02*SD Farm Proprietors Income – 186.19*COVID Dummy Variable

R² = .9739

Collection Equation:

Sales Tax Collections = 0.045*Total Taxable Sales (STCDS + STBUSCNDOTH + STCON + STREC + STUTI)

Basic steps to follow when reading a regression equation are:

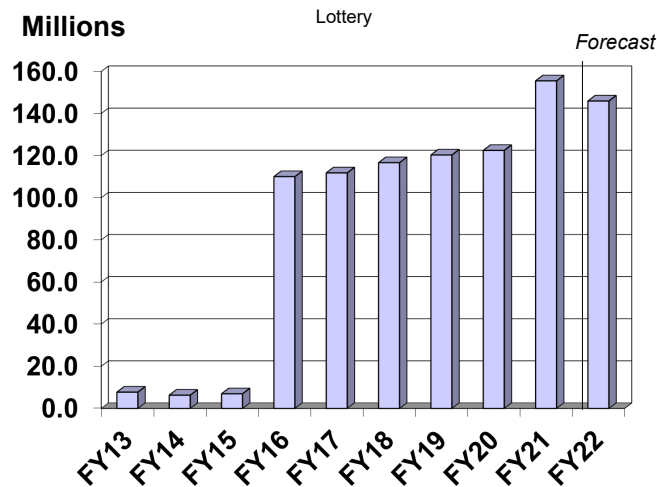
- 1.) Identify the dependent variable (the variable on the left side of the equation) and the independent variables (the variables on the right side of the equation).
- 2.) Look at the signs of the independent variables. The signs tell you if there is a positive or a negative relationship between the 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.) Look at the R². This is one way to identify how well an equation fits the data. An R² value close to one tells you that the equation has a good overall fit.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Ongoing SUT	1,072,830,649	1,209,342,342	1,201,950,650
Dollar Change	47,429,440	136,511,693	(7,391,692)
<i>Percent Change</i>	<i>4.63</i>	<i>12.72</i>	<i>(0.61)</i>
One-time SUT	0	13,486,289	43,000,000
Total SUT	1,072,830,649	1,222,828,631	1,244,950,650
Dollar Change	47,429,440	149,997,982	22,122,019
<i>Percent Change</i>	<i>4.63</i>	<i>13.98</i>	<i>1.81</i>

LOTTERY

FY2021 Performance: Receipts to the general fund from the lottery category totaled \$155.5 million in FY2021. Video lottery receipts totaled \$147.8 million, which was an increase of \$32.5 million or 28.2% over FY2020. Receipts from on-line and instant tickets totaled \$7.7 million, which was up \$0.6 million or 7.8% compared to FY2020.

- All of 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 increases pursuant to the passage of SB 183 from the 2018 legislative session.
- Receipts included in this category account for approximately 8.0% of ongoing general fund revenues in FY2021.



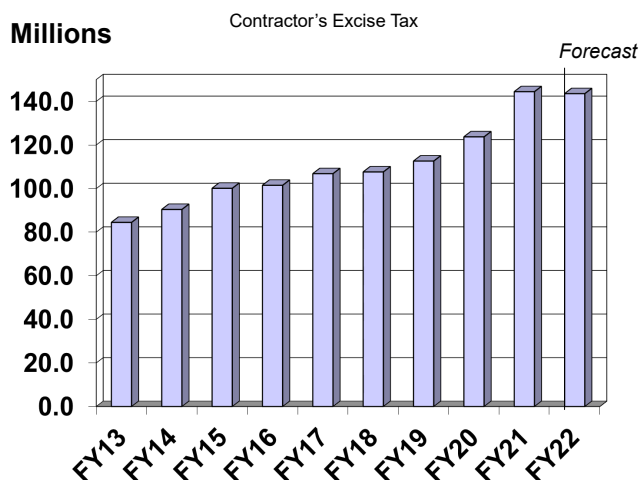
Estimate: The estimates are based on historical collections, current conditions and information provided by the South Dakota Lottery.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Instant/Online Lottery	7,160,814	7,716,398	8,782,639
Video Lottery	115,328,187	147,810,651	137,174,054
Total Receipts	122,489,001	155,527,049	145,956,694
Dollar Change	(1,326,501)	33,038,048	(9,570,355)
Percent Change	(1.07)	26.97	(6.15)

CONTRACTOR'S EXCISE TAX

FY2021 Performance: In FY2021, net contractor's excise tax collections were \$144.4 million, which was an increase of 16.8% or \$20.7 million over FY2020. Actual FY2021 collections were \$1.8 million lower than the most recent revised legislative adopted estimate.

- The average annual increase in net contractor's excise tax collections between FY2013 and FY2021 was 6.5%.
- Net collections from the contractor's excise tax account for approximately 7.5% of ongoing general fund receipts in FY2021.



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 8.)

Contractor's Excise Tax Collections = $-54.29 + 2.25 \cdot \text{SD Construction, Natural Resources, and Mining Employment} + 0.01 \cdot (\text{Seasonal Dummy} \cdot \text{SD nonfarm income}) - 1.76 \cdot \text{SD Unemployment Rate} + 0.42 \cdot \text{SD Housing Starts} + 19.89 \cdot \text{Consumer Price Index} + 6.11 \cdot \text{COVID Dummy Variable}$

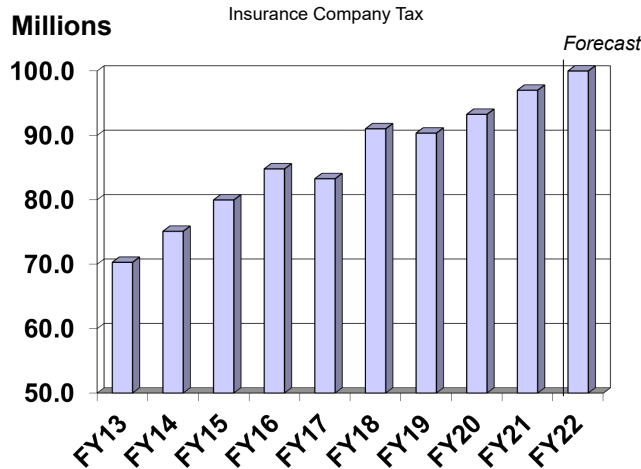
$R^2 = .9939$

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Total Net Receipts	123,723,519	144,448,267	143,536,020
Dollar Change	10,559,901	20,724,748	(912,247)
Percent Change	9.33	16.75	(0.63)

INSURANCE COMPANY TAX

FY2021 Performance: In FY2021, insurance company tax collections totaled \$97.0 million, which was up 4.0% or \$3.7 million from FY2020. Actual FY2021 collections were \$0.9 million higher than the most recent legislative adopted estimates.

- The average annual increase between FY2013 and FY2021 was 4.6%.
- Collections from this tax account for approximately 5.0% of ongoing general fund revenues in FY2021.



Estimate: A regression equation is used to project collections from the insurance company tax. The equation and its coefficient of determination are below. (An explanation of how to read a regression equation can be found on page 8.)

Insurance Company Tax Collections = 8.19 – 4.00*Seasonal Dummy + 0.01*SD Nonfarm Income + 0.03*Consumer Spending on Insurance – 0.43*Yield on Two-Year Treasury note + 1.94*Affordable Care Act Dummy Variable.

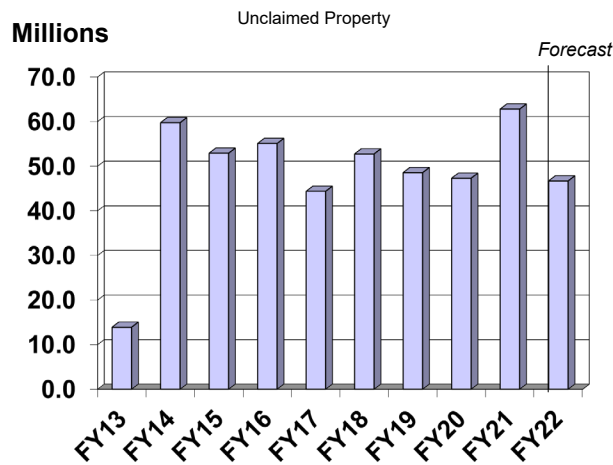
$R^2 = .9826$

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Receipts	93,271,112	97,010,439	100,112,540
Dollar Change	2,923,571	3,739,327	3,102,101
Percent Change	3.24	4.01	3.20

UNCLAIMED PROPERTY RECEIPTS

FY2021 Performance: In FY2021, unclaimed property receipts to the general fund totaled \$62.8 million, which was an increase of \$15.5 million or 32.8%. In total, actual FY2021 collections were \$6.0 million higher than the most recent legislative adopted estimates.

- Collections from unclaimed property receipts account for approximately 3.2% of ongoing general fund revenues in FY2021.
- The chart below shows the ongoing portion of unclaimed property.



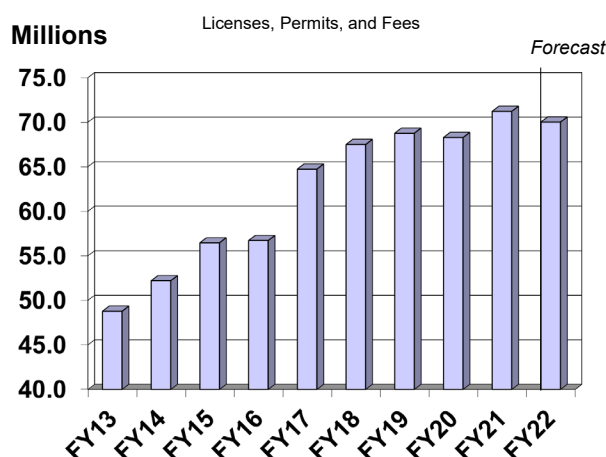
Estimate: The projections for unclaimed property receipts are based on historical collections and current conditions.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Receipts	47,308,472	62,809,930	46,693,893
Dollar Change	(1,265,128)	15,501,458	(16,116,037)
Percent Change	(2.60)	32.77	(25.66)

LICENSES, PERMITS, AND FEES

FY2021 Performance: In FY2021, collections from licenses, permits, and fees totaled \$71.2 million, which was up 4.3% or \$2.9 million from FY2020. Actual FY2021 collections were \$1.6 million higher than the most recent legislative adopted estimates.

- Collections in this category account for approximately 3.7% of ongoing general fund revenues in FY2021.



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

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Receipts	68,277,940	71,212,896	70,010,065
Dollar Change	(480,129)	2,934,956	(1,202,831)
Percent Change	(0.70)	4.30	(1.69)

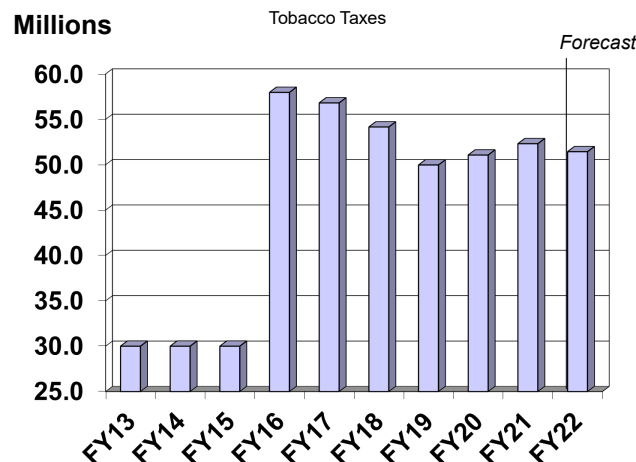
TOBACCO TAXES

FY2021 Performance: In FY2021, the total collections from the tobacco taxes were \$57.3 million of which \$52.3 million was deposited into the general fund and \$5.0 million was dedicated to tobacco prevention. In FY2021, cigarette taxes totaled \$46.4 million, which was an increase of \$0.5 million or 1.0% compared to FY2020. Other tobacco taxes totaled \$11.0 million, which was an increase of \$0.8 million or 7.8% over FY2020.

- Approximately 81% of the collections included in this category are from the tax on cigarettes, and the remaining 19% is collected based on the tax on the wholesale purchase price of other tobacco products.
- Collections in this category account for approximately 2.7% of ongoing general fund receipts in FY2021.
- The total estimates and breakdown of where the dollars go are included in the following table.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
General Fund	30,000,000	30,000,000	30,000,000
TPRTF	5,000,000	5,000,000	5,000,000
Remainder to GF	21,066,112	22,314,193	21,435,711
Total	56,066,112	57,314,193	56,435,711

- 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 \$51,435,711 in FY2022.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Total Receipts	51,066,112	52,314,193	51,435,711
Dollar Change	1,094,895	1,248,081	(878,482)
Percent Change	2.19	2.44	(1.68)

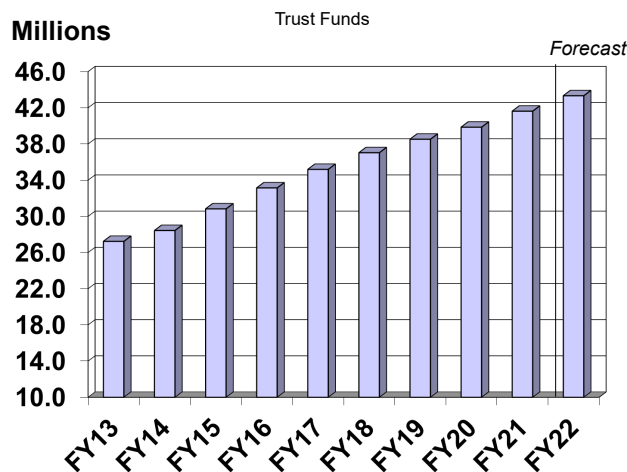
TRUST FUNDS

FY2021 Performance: Transfers from the trust funds to the general fund in FY2021 totaled \$41.6 million, which was an increase of 4.4% or \$1.8 million from FY2020.

- The table below shows the amounts transferred from each of the trust funds to the general fund in FY2020 and FY2021, and the estimated amounts for FY2022.

	Actual FY2020	Actual FY2021	Estimated FY2022
HCTF	5,520,073	5,676,706	5,839,236
EETF	21,334,601	22,515,470	23,673,657
DCTF	13,004,590	13,435,863	13,822,660
Total	39,859,263	41,628,039	43,335,554

- Receipts from the trust funds account for approximately 2.1% of ongoing general fund revenues in FY2021.



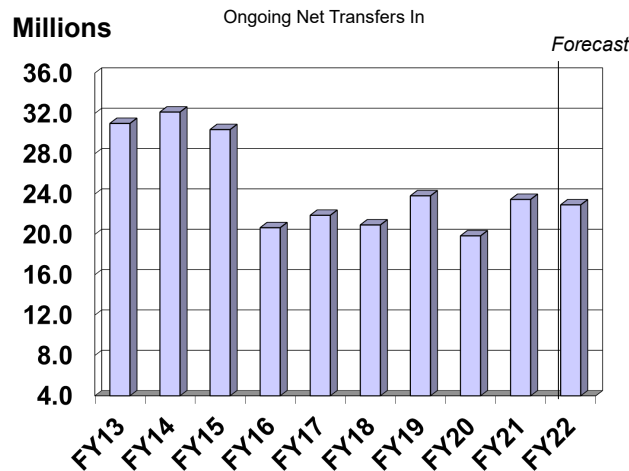
Estimate: The estimate for FY2022 includes the constitutionally required transfer from the Dakota Cement Trust and the amounts to be transferred from the Health Care Trust Fund and Education Enhancement Trust Fund pursuant to SDCL 4-5-29.1 and SDCL 4-5-29.2.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Total Receipts	39,859,256	41,628,039	43,335,554
Dollar Change	1,331,320	1,768,783	1,707,515
Percent Change	3.46	4.44	4.10

NET TRANSFERS IN

FY2021 Performance: In FY2021, collections from net transfers in totaled \$23.5 million, which was an increase of 18.2% or \$3.6 million from FY2020. Actual collections in FY2021 were \$2.9 million higher than the most recent legislative adopted estimate.

- Receipts included in this category account for approximately 1.2% of ongoing general fund revenues in FY2021.



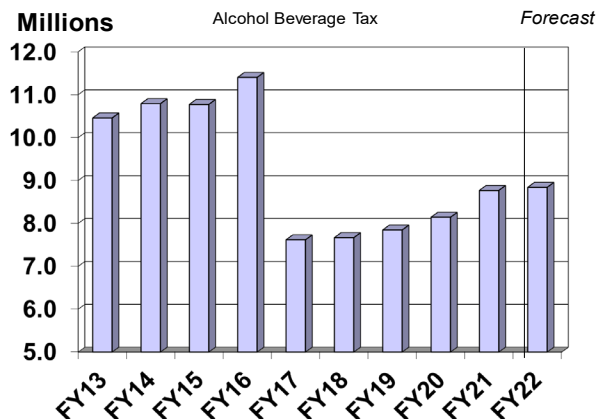
Estimate: The different sources of receipts included in this category are broken out and estimated individually based on historical collections and current conditions.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Ongoing NTI	19,858,120	23,471,494	22,932,418
Dollar Change	(3,969,020)	3,613,374	(539,076)
Percent Change	(16.66)	18.20	(2.30)
One-time NTI	7,082,539	6,745,654	0
Total NTI	26,940,659	30,217,148	22,932,418
Dollar Change	2,408,418	3,276,489	(7,284,730)
Percent Change	9.82	12.16	(24.11)

ALCOHOL BEVERAGE TAX

FY2021 Performance: Alcohol beverage tax collections to the general fund in FY2021 totaled \$8.8 million, up 7.7% compared to FY2020. Actual FY2021 collections were \$0.2 million higher than 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 will receive 50% of the tax collected with 25% going to the municipalities and 25% going to the counties.
- Collections from this tax account for approximately 0.5% of ongoing general fund revenues in FY2021.



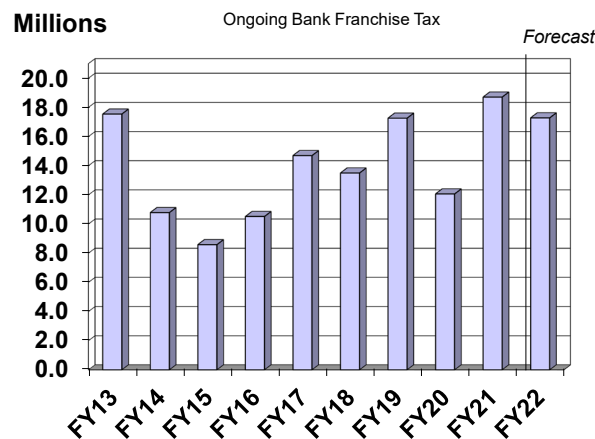
Estimate: The estimates are based on historical collections and current conditions.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Total Receipts	8,142,691	8,767,726	8,840,735
Dollar Change	297,441	625,035	73,009
Percent Change	3.79	7.68	0.83

BANK FRANCHISE TAX

FY2021 Performance: In FY2021, ongoing bank franchise tax collections totaled \$18.7 million, which was an increase of \$6.6 million or 55.1% compared to FY2020. Ongoing FY2021 bank tax collections were \$4.3 million higher than the most recent legislative adopted estimate. One-time bank franchise tax collections in FY2021 totaled \$10.0 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 1.0% of ongoing general fund revenues in FY2021.



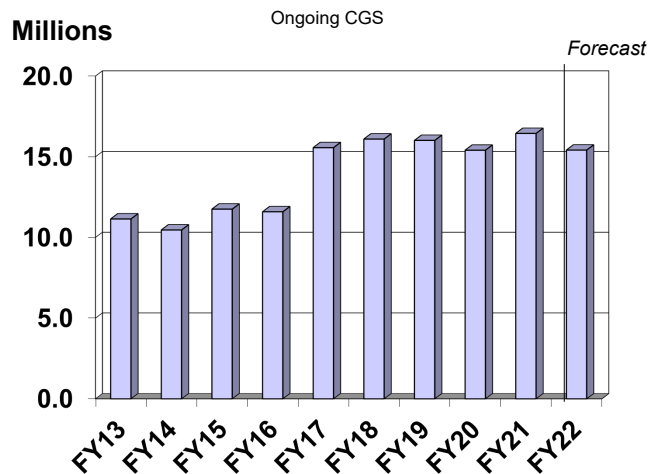
Estimate: Collections received from bank card taxpayers and other banks are estimated individually. The estimate is based on historical collections and current conditions.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Ongoing BFT	12,060,604	18,702,022	17,276,646
Dollar Change	(5,195,516)	6,641,418	(1,425,376)
Percent Change	(30.11)	55.07	(7.62)
One-Time BFT	0	10,013,790	0
Total BFT	12,060,604	28,715,812	17,276,646
Dollar Change	(5,195,516)	16,655,208	(11,439,166)
Percent Change	(30.11)	138.10	(39.84)

CHARGES FOR GOODS AND SERVICES

FY2021 Performance: In FY2021, the charges for goods and services category totaled \$16.4 million, an increase of \$1.0 million or 6.8% compared to FY2020 collections. Actual FY2021 collections were \$0.3 million higher than the most recent legislative adopted estimate.

- Revenues to the general fund from this category are relatively constant from year to year.
- In FY2017, the primary increase is due to additional receipts from the Department of Corrections due to the budget restructuring.
- Receipts included in this category account for approximately 0.8% of ongoing general fund revenues in FY2021.



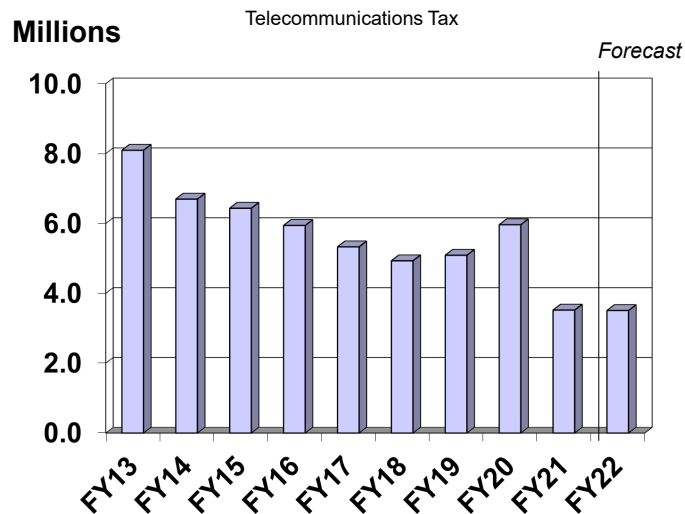
Estimate: The different sources of receipts included in this category are broken out and estimated individually based on historical collections and current conditions.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Ongoing CGS	15,403,871	16,444,429	15,412,246
Dollar Change	(608,783)	1,040,558	(1,032,183)
Percent Change	(3.80)	6.76	(6.28)
One-time CGS	0	3,381,726	0
Total CGS	15,403,871	19,826,155	15,412,246
Dollar Change	(608,783)	4,422,285	(4,413,909)
Percent Change	(3.80)	28.71	(22.26)

TELECOMMUNICATIONS TAX

FY2021 Performance: In FY2021, the telecommunications tax totaled \$3.5 million, a decrease of \$2.4 million or 41.0% compared to FY2020 collections. Actual FY2021 collections were \$1.2 million lower 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). Through FY2015, 60% of the revenue generated from this tax was dedicated to the Property Tax Reduction Fund (PTRF) with the remaining 40% deposited into the County Telecommunications Gross Receipts Fund.
- Beginning in FY2016, the receipts from this tax are included in this separate classification due to the repeal of the PTRF.



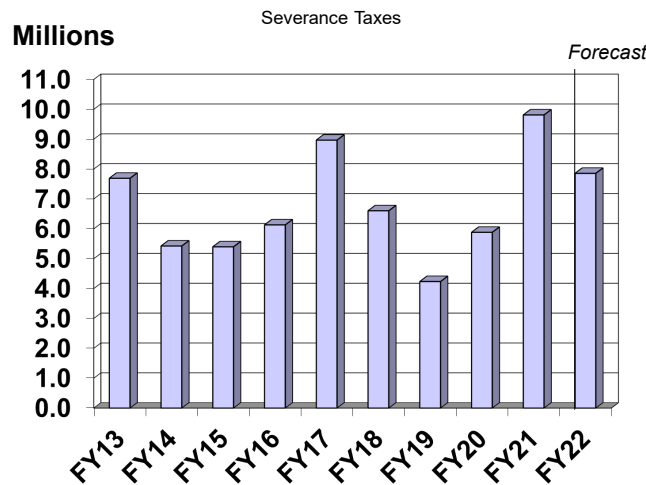
Estimate: Collections from the telecommunications tax is based on historical collections and current conditions.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Total Receipts	5,964,072	3,520,578	3,507,312
Dollar Change	874,304	(2,443,494)	(13,266)
Percent Change	17.18	(40.97)	(0.38)

SEVERANCE TAXES

FY2021 Performance: Severance tax collections totaled \$9.8 million in FY2021, which was up \$3.9 million or 66.8% from FY2020. Collections from energy mineral severance taxes (primarily oil) totaled \$0.8 million, which was down \$0.4 million or 36.5% compared to FY2020. Collections from precious metal severance taxes (primarily gold) totaled \$9.0 million, which was up \$4.4 million or 93.4% compared to FY2020. Total FY2021 severance tax collections were \$0.01 million higher 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 0.5% of ongoing general fund revenues in FY2020.



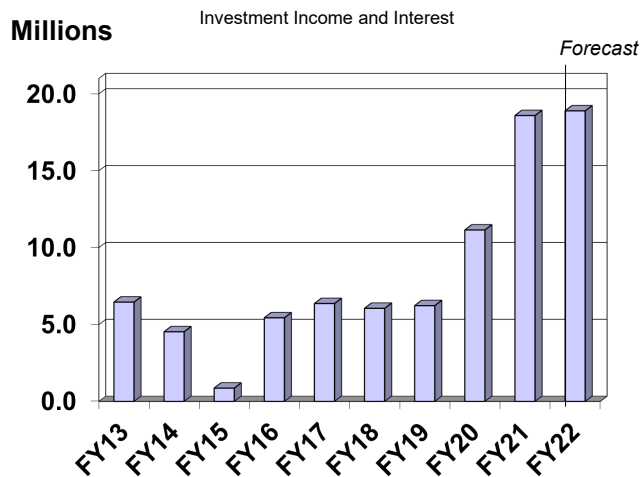
Estimate: Collections from taxes on precious metals and energy minerals are estimated separately. The estimates of collections from the severance taxes on gold and precious metals are based on history as well as gold prices. The estimates of collections from the tax on energy minerals are based on history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

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Total Receipts	5,881,928	9,810,601	7,868,785
Dollar Change	1,647,722	3,928,673	(1,941,816)
Percent Change	38.91	66.79	(19.79)

INVESTMENT INCOME AND INTEREST

FY2021 Performance: In FY2021, collections from investment income and interest totaled \$18.6 million, an increase of \$7.4 million or 66.7% compared to FY2020. The yield of the cash flow fund was 2.4% for FY2020. Total FY2021 collections were \$0.02 million higher than the most recent legislative adopted estimate.

- The amounts collected in FY2015 and FY2016 are based on discontinuing the accelerated 90% interest earnings for the current year's proration starting in FY2015. Thus, only 10% of the previous year's proration (FY2014) is reflected in FY2015 receipts and 100% of the earnings from the previous year are reflected in FY2016 receipts.
- 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 0.9% of ongoing general fund revenues in FY2020.



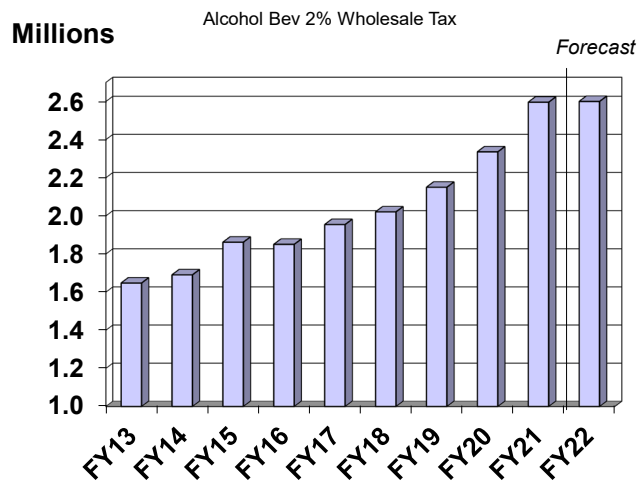
Estimate: The estimate is based on information provided by the South Dakota Investment Council and historical collections. The estimated yield of the cash flow fund for this past year was approximately 1.5%. Coronavirus Relief Fund dollars were received in April 2020, which is the primary reason for the FY2021 increase in interest income.

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Total Receipts	11,150,037	18,592,297	18,897,768
Dollar Change	4,920,733	7,442,260	305,471
Percent Change	78.99	66.75	1.64

ALCOHOL BEVERAGE 2% WHOLESALE TAX

FY2021 Performance: Collections in FY2021 totaled \$2.6 million, up 11.1% from FY2020. Actual FY2021 collections from this tax were \$0.02 million higher than the most recent legislative adopted estimate.

- Collections from this tax account for approximately 0.1% of ongoing general fund revenues in FY2021.



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

	Actual FY2020	Actual FY2021	Interim Estimate FY2022
Total Receipts	2,335,754	2,596,157	2,600,187
Dollar Change	185,597	260,403	4,030
Percent Change	8.63	11.15	0.16