



REVENUE FORECAST

2023 Interim

July 26, 2023

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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 FY2024 Revenue Projections

DATE: July 26, 2023

In accordance with the provisions of SDCL 4-8A-16, the following report includes actual revenue for FY2022 and FY2023 and updated revenue projections for FY2024 for the various sources of revenue that flow to the state general fund.

The updated FY2024 revenue estimates from the Bureau of Finance and Management total \$2,274,791,121 on an ongoing basis. This updated projection is \$9,451,495, or 0.41 percent, lower than the Legislative Adopted FY2024 estimate. Although the interim forecast is slightly lower, it does not meet the threshold required for any further action per SDCL 4-8A-16.

GENERAL FUND RECEIPTS

	ACTUAL FY2022	ACTUAL FY2023	BFM INTERIM FY2024
ONGOING RECEIPTS			
Sales and Use Tax	1,356,844,793	1,480,572,850	1,431,547,419
Lottery	171,609,682	176,663,767	178,337,600
Contractor's Excise Tax	155,823,772	189,407,586	190,626,773
Insurance Company Tax	103,995,420	112,141,293	114,227,770
Unclaimed Property Receipts	65,097,628	74,981,213	57,185,445
Licenses, Permits, and Fees	75,077,171	77,636,494	78,365,604
Tobacco Taxes	49,385,379	47,074,649	45,823,414
Trust Funds	43,495,271	46,259,458	48,552,329
Net Transfers In	25,279,507	25,652,534	23,809,712
Alcohol Beverage Tax	9,203,968	8,939,732	9,449,375
Bank Franchise Tax	22,511,850	20,425,082	19,125,665
Charges for Goods and Services	14,804,251	13,473,405	14,475,822
Telecommunications Tax	2,688,458	2,466,873	2,337,477
Severance Taxes	8,033,942	5,657,605	8,616,375
Investment Income and Interest	19,648,565	14,000,549	49,156,734
Alcohol Bev 2% Wholesale Tax	2,909,711	2,936,973	3,153,607
TOTAL (ONGOING RECEIPTS)	\$2,126,409,366	\$2,298,290,062	\$2,274,791,121
ONE-TIME RECEIPTS			
Bank Franchise Tax Prior Year Revenue	1,568,296	699,173	0
One-Time Sales and Use Tax	28,305,843	0	0
One-Time Unclaimed Property Receipts	0	10,554,826	0
Surplus Property	3,061,037	0	0
Unexpended Carryovers and Specials	2,900,492	17,709,410	0
Obligated Cash Carried Forward	85,875,130	115,478,433	96,775,123
Prior Period Adjustment	5,332,982	0	0
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 127,043,781	\$ 144,441,842	\$ 96,775,123
GRAND TOTAL	<u>\$2,253,453,148</u>	<u>\$2,442,731,904</u>	<u>\$2,371,566,244</u>

ACTUAL FY2022 vs. ACTUAL FY2023 RECEIPTS

	<u>ACTUAL FY2022</u>	<u>ACTUAL FY2023</u>	<u>DOLLAR CHANGE</u>	<u>PERCENT CHANGE</u>
ONGOING RECEIPTS				
Sales and Use Tax	1,356,844,793	1,480,572,850	123,728,057	9.12
Lottery	171,609,682	176,663,767	5,054,085	2.95
Contractor's Excise Tax	155,823,772	189,407,586	33,583,813	21.55
Insurance Company Tax	103,995,420	112,141,293	8,145,874	7.83
Unclaimed Property Receipts	65,097,628	74,981,213	9,883,585	15.18
Licenses, Permits, and Fees	75,077,171	77,636,494	2,559,323	3.41
Tobacco Taxes	49,385,379	47,074,649	(2,310,730)	(4.68)
Trust Funds	43,495,271	46,259,458	2,764,187	6.36
Net Transfers In	25,279,507	25,652,534	373,027	1.48
Alcohol Beverage Tax	9,203,968	8,939,732	(264,235)	(2.87)
Bank Franchise Tax	22,511,850	20,425,082	(2,086,768)	(9.27)
Charges for Goods and Services	14,804,251	13,473,405	(1,330,846)	(8.99)
Telecommunications Tax	2,688,458	2,466,873	(221,585)	(8.24)
Severance Taxes	8,033,942	5,657,605	(2,376,337)	(29.58)
Investment Income and Interest	19,648,565	14,000,549	(5,648,016)	(28.75)
Alcohol Bev 2% Wholesale Tax	2,909,711	2,936,973	27,262	0.94
TOTAL (ONGOING RECEIPTS)	<u>\$ 2,126,409,366</u>	<u>\$ 2,298,290,062</u>	<u>\$ 171,880,695</u>	<u>8.08</u>
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	1,568,296	699,173	(869,123)	(55.42)
One-Time Sales and Use Tax	28,305,843	0	(28,305,843)	(100.00)
One-Time Unclaimed Property Receipts	0	10,554,826	10,554,826	N/A
Surplus Property	3,061,037	0	(3,061,037)	N/A
Unexpended Carryovers and Specials	2,900,492	17,709,410	14,808,918	510.57
Obligated Cash Carried Forward	85,875,130	115,478,433	29,603,302	34.47
Prior Period Adjustment	5,332,982	0	(5,332,982)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ 127,043,781</u>	<u>\$ 144,441,842</u>	<u>\$ 17,398,061</u>	<u>13.69</u>
GRAND TOTAL	<u><u>\$ 2,253,453,148</u></u>	<u><u>\$ 2,442,731,904</u></u>	<u><u>\$ 189,278,756</u></u>	<u><u>8.40</u></u>

LEGISLATIVE REVISED FY2023 VS. ACTUAL FY2023 RECEIPTS

	LEG REVISED FY2023	ACTUAL FY2023	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,487,500,000	1,480,572,850	(6,927,150)	(0.47)
Lottery	179,396,470	176,663,767	(2,732,703)	(1.52)
Contractor's Excise Tax	188,220,515	189,407,586	1,187,071	0.63
Insurance Company Tax	109,756,754	112,141,293	2,384,539	2.17
Unclaimed Property Receipts	71,281,179	74,981,213	3,700,034	5.19
Licenses, Permits, and Fees	76,820,106	77,636,494	816,388	1.06
Tobacco Taxes	48,043,012	47,074,649	(968,363)	(2.02)
Trust Funds	46,540,322	46,259,458	(280,864)	(0.60)
Net Transfers In	24,354,780	25,652,534	1,297,754	5.33
Alcohol Beverage Tax	8,875,647	8,939,732	64,085	0.72
Bank Franchise Tax	19,110,103	20,425,082	1,314,979	6.88
Charges for Goods and Services	14,866,510	13,473,405	(1,393,105)	(9.37)
Telecommunications Tax	2,363,947	2,466,873	102,926	4.35
Severance Taxes	6,939,293	5,657,605	(1,281,688)	(18.47)
Investment Income and Interest	13,970,769	14,000,549	29,780	0.21
Alcohol Bev 2% Wholesale Tax	3,089,592	2,936,973	(152,619)	(4.94)
TOTAL (ONGOING RECEIPTS)	\$ 2,301,128,999	\$2,298,290,062	\$ (2,838,937)	(0.12)
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	692,349	699,173	6,824	0.99
One-Time Unclaimed Property Receipts	0	10,554,826	10,554,826	N/A
Unexpended Carryovers and Specials	8,364,225	17,709,410	9,345,185	111.73
Obligated Cash Carried Forward	115,478,433	115,478,433	(0)	(0.00)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 124,535,007	\$ 144,441,842	\$ 19,906,835	15.98
GRAND TOTAL	\$ 2,425,664,006	\$2,442,731,904	\$17,067,898	0.70

ACTUAL FY2023 RECEIPTS VS. ADOPTED FY2024 ESTIMATE

	<u>ACTUAL FY2023</u>	<u>LEG ADOPTED FY2024</u>	<u>DOLLAR CHANGE</u>	<u>PERCENT CHANGE</u>
ONGOING RECEIPTS				
Sales and Use Tax	1,480,572,850	1,457,750,000	(22,822,850)	(1.54)
Lottery	176,663,767	185,788,211	9,124,444	5.16
Contractor's Excise Tax	189,407,586	195,000,000	5,592,414	2.95
Insurance Company Tax	112,141,293	114,432,223	2,290,930	2.04
Unclaimed Property Receipts	74,981,213	57,185,445	(17,795,768)	(23.73)
Licenses, Permits, and Fees	77,636,494	76,869,354	(767,140)	(0.99)
Tobacco Taxes	47,074,649	46,560,484	(514,165)	(1.09)
Trust Funds	46,259,458	48,538,231	2,278,773	4.93
Net Transfers In	25,652,534	23,891,068	(1,761,466)	(6.87)
Alcohol Beverage Tax	8,939,732	9,272,874	333,142	3.73
Bank Franchise Tax	20,425,082	19,927,443	(497,639)	(2.44)
Charges for Goods and Services	13,473,405	15,273,363	1,799,958	13.36
Telecommunications Tax	2,466,873	2,047,035	(419,838)	(17.02)
Severance Taxes	5,657,605	8,170,526	2,512,921	44.42
Investment Income and Interest	14,000,549	20,334,000	6,333,451	45.24
Alcohol Bev 2% Wholesale Tax	2,936,973	3,202,359	265,386	9.04
TOTAL (ONGOING RECEIPTS)	<u>\$ 2,298,290,062</u>	<u>\$ 2,284,242,616</u>	<u>\$ (14,047,446)</u>	<u>(0.61)</u>
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	699,173	0	(699,173)	(100.00)
One-Time Unclaimed Property Receipts	10,554,826	0	(10,554,826)	(100.00)
Unexpended Carryovers and Specials	17,709,410	0	(17,709,410)	(100.00)
Obligated Cash Carried Forward	115,478,433	0	(115,478,433)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ 144,441,842</u>	<u>\$ -</u>	<u>\$ (144,441,842)</u>	<u>(100.00)</u>
GRAND TOTAL	<u><u>\$ 2,442,731,904</u></u>	<u><u>\$ 2,284,242,616</u></u>	<u><u>\$ (158,489,288)</u></u>	<u><u>(6.49)</u></u>

ACTUAL FY2023 RECEIPTS VS. INTERIM FY2024 FORECAST

	ACTUAL FY2023	BFM INTERIM FY2024	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,480,572,850	1,431,547,419	(49,025,431)	(3.31)
Lottery	176,663,767	178,337,600	1,673,833	0.95
Contractor's Excise Tax	189,407,586	190,626,773	1,219,187	0.64
Insurance Company Tax	112,141,293	114,227,770	2,086,477	1.86
Unclaimed Property Receipts	74,981,213	57,185,445	(17,795,768)	(23.73)
Licenses, Permits, and Fees	77,636,494	78,365,604	729,110	0.94
Tobacco Taxes	47,074,649	45,823,414	(1,251,235)	(2.66)
Trust Funds	46,259,458	48,552,329	2,292,871	4.96
Net Transfers In	25,652,534	23,809,712	(1,842,822)	(7.18)
Alcohol Beverage Tax	8,939,732	9,449,375	509,643	5.70
Bank Franchise Tax	20,425,082	19,125,665	(1,299,417)	(6.36)
Charges for Goods and Services	13,473,405	14,475,822	1,002,417	7.44
Telecommunications Tax	2,466,873	2,337,477	(129,396)	(5.25)
Severance Taxes	5,657,605	8,616,375	2,958,770	52.30
Investment Income and Interest	14,000,549	49,156,734	35,156,185	251.11
Alcohol Bev 2% Wholesale Tax	2,936,973	3,153,607	216,634	7.38
TOTAL (ONGOING RECEIPTS)	\$ 2,298,290,062	\$ 2,274,791,121	\$ (23,498,941)	(1.02)
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	699,173	0	(699,173)	(100.00)
One-Time Unclaimed Property Receipts	10,554,826	0	(10,554,826)	(100.00)
Unexpended Carryovers and Specials	17,709,410	0	(17,709,410)	(100.00)
Obligated Cash Carried Forward	115,478,433	96,775,123	(18,703,310)	(16.20)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 144,441,842	\$ 96,775,123	\$ (47,666,719)	(33.00)
GRAND TOTAL	\$ 2,442,731,904	\$ 2,371,566,244	\$ (71,165,660)	(2.91)

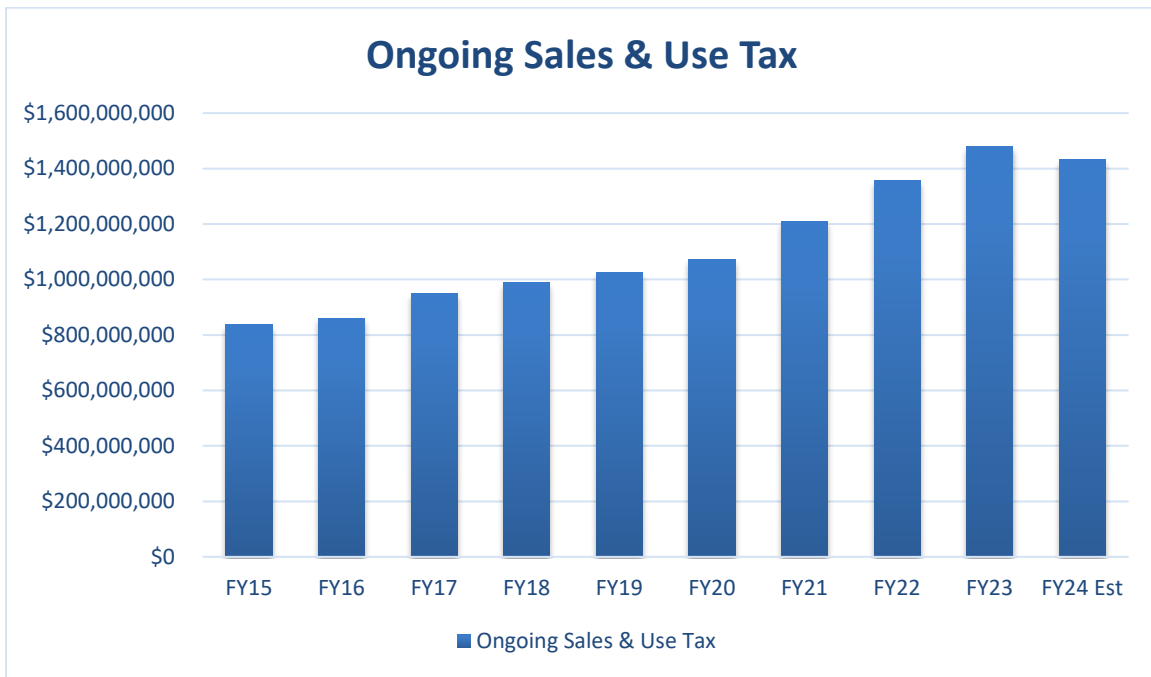
ADOPTED FY2024 ESTIMATE VS. INTERIM FY2024 FORECAST

	LEG ADOPTED FY2024	BFM INTERIM FY2024	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,457,750,000	1,431,547,419	(26,202,581)	(1.80)
Lottery	185,788,211	178,337,600	(7,450,611)	(4.01)
Contractor's Excise Tax	195,000,000	190,626,773	(4,373,227)	(2.24)
Insurance Company Tax	114,432,223	114,227,770	(204,453)	(0.18)
Unclaimed Property Receipts	57,185,445	57,185,445	0	0.00
Licenses, Permits, and Fees	76,869,354	78,365,604	1,496,250	1.95
Tobacco Taxes	46,560,484	45,823,414	(737,070)	(1.58)
Trust Funds	48,538,231	48,552,329	14,098	0.03
Net Transfers In	23,891,068	23,809,712	(81,356)	(0.34)
Alcohol Beverage Tax	9,272,874	9,449,375	176,501	1.90
Bank Franchise Tax	19,927,443	19,125,665	(801,778)	(4.02)
Charges for Goods and Services	15,273,363	14,475,822	(797,541)	(5.22)
Telecommunications Tax	2,047,035	2,337,477	290,442	14.19
Severance Taxes	8,170,526	8,616,375	445,849	5.46
Investment Income and Interest	20,334,000	49,156,734	28,822,734	141.75
Alcohol Bev 2% Wholesale Tax	3,202,359	3,153,607	(48,752)	(1.52)
TOTAL (ONGOING RECEIPTS)	\$ 2,284,242,616	\$ 2,274,791,121	\$ (9,451,495)	(0.41)
ONE-TIME RECEIPTS				
Obligated Cash Carried Forward	0	96,775,123	96,775,123	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	\$ -	\$ 96,775,123	\$ 96,775,123	N/A
GRAND TOTAL	\$ 2,284,242,616	\$ 2,371,566,244	\$ 87,323,628	3.82

SALES AND USE TAX

FY2023 Performance: In FY2023, ongoing sales and use tax collections were \$1,480.6 million, which was an increase of 9.1% or \$123.7 million over FY2022. Actual FY2023 collections were \$6.9 million less than the most recent revised legislative adopted estimate.

- The average annual increase in collections between FY2014 and FY2023 was 6.8%.
- Net collections from the sales and use tax account for approximately 64.4% of ongoing general fund revenues in FY2023.



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)

$STCDS = -988.15 + 0.06 * SD \text{ Nonfarm Income} + 230.23 * \text{Seasonal Indicator Variable} + 10.03 * SD \text{ Leisure and Hospitality Employment} + 38.56 * SD \text{ Housing Starts} + 567.63 * \text{Consumer Price Index excluding Food and Energy}$

$R^2 = .9923$

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

$STBUSCND = -1804.25 + 19.20 * SD \text{ Consumer Price Index} + 0.03 * SD \text{ Nonfarm Income} + 342.16 * \text{Seasonal Indicator Variable} + 1162.53 * \text{Stimulus Indicator Variable}$

$R^2 = .9858$

Equation 3: Construction Related Purchases (STCON)

STCON = -579.94+ 20.54*SD Construction, Natural Resources, and Mining Employment + 154.65*Seasonal Indicator Variable + 18.63*SD Housing Starts + 0.06*SD Wage and Salary Disbursements + 0.05*Farm Proprietors Income (lagged).

R² = .9776

Equation 4: Recreation Related Purchases (STREC)

STREC = -235.13 + 10.65*Seasonal Indicator Variable + 0.02*SD Nonfarm Income + 0.06*SD Leisure and Hospitality Employment + 0.01*(SD Disposable Income*Seasonal Dummy Variable) – 0.36*Oil Price – 305.75*COVID Indicator Variable + 243.38 Consumer Price Index excluding Food and Energy.

R² = .9953

Equation 5: Utilities (STUTI)

STUTI = -241.76 + 3.75*Consumer Spending on Electricity and Natural Gas + 0.01*SD Nonfarm Income + 43.44*Consumer Price Index for Energy -229.54*Indicator Variable.

R² = .9732

Collection Equation:

Sales Tax Collections = -10.64 + 0.045*Total Taxable Sales (STCDS + STBUSCNDOTH + STCON + STREC + STUTI).

R² = .9979

Basic steps to follow when reading a regression equation are:

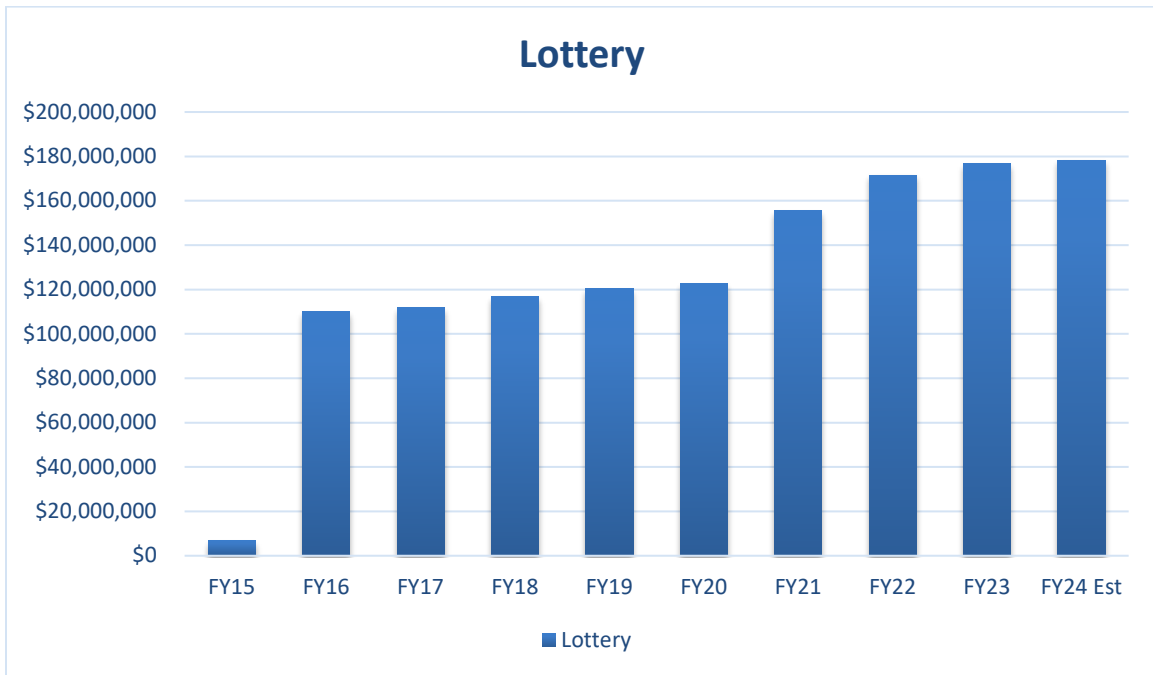
- 1.) Identify the dependent variable (the variable on the left side of the equation) and the independent variables (the variables on the right side of the equation).
- 2.) Look at the signs of the independent variables. The signs tell you if there is a positive or a negative relationship between the 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 FY2022	Actual FY2023	Interim Estimate FY2024
Ongoing SUT	1,356,844,793	1,480,572,850	1,431,547,419
Dollar Change	147,502,451	123,728,057	(49,025,431)
<i>Percent Change</i>	<i>12.20</i>	<i>9.12</i>	<i>(3.31)</i>
One-time SUT	28,305,843	0	0
Total SUT	1,385,150,636	1,480,572,850	1,431,547,419
Dollar Change	162,322,005	95,422,214	(49,025,431)
<i>Percent Change</i>	<i>13.27</i>	<i>6.89</i>	<i>(3.31)</i>

LOTTERY

FY2023 Performance: Receipts to the general fund from the lottery category totaled \$176.7 million in FY2023. Video lottery receipts totaled \$162.6 million, which was an increase of \$1.6 million or 1.0% over FY2022. Receipts from on-line and instant tickets totaled \$14.1 million, which was up \$3.4 million, or 32.4%, compared to FY2022.

- 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 7.7% of ongoing general fund revenues in FY2023.



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

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Instant/Online Lottery	10,648,016	14,095,499	13,330,807
Video Lottery	160,961,666	162,568,269	165,006,793
Total Receipts	171,609,682	176,663,767	178,337,600
Dollar Change	16,082,633	5,054,089	1,673,833
Percent Change	10.34	2.95	0.95

CONTRACTOR’S EXCISE TAX

FY2023 Performance: In FY2023, net contractor’s excise tax collections were \$189.4 million, which was an increase of 21.6%, or \$33.6 million, over FY2022. Actual FY2023 collections were \$1.2 million higher than the most recent revised legislative adopted estimate.

- The average annual increase in net contractor’s excise tax collections between FY2014 and FY2023 was 8.8%.
- Net collections from the contractor’s excise tax account for approximately 8.2% of ongoing general fund receipts in FY2023.



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.)

$$\text{Contractor’s Excise Tax Collections} = -30.08 + 1.17 * \text{SD Construction, Natural Resources, and Mining Employment} + 0.01 * (\text{SD Nonfarm Income} * \text{Seasonal Indicator Variable}) - 2.74 * \text{SD Unemployment Rate} + 0.03 * \text{SD Housing Starts} + 21.81 * \text{Consumer Price Index} + 12.85 * \text{Stimulus Indicator Variable}.$$

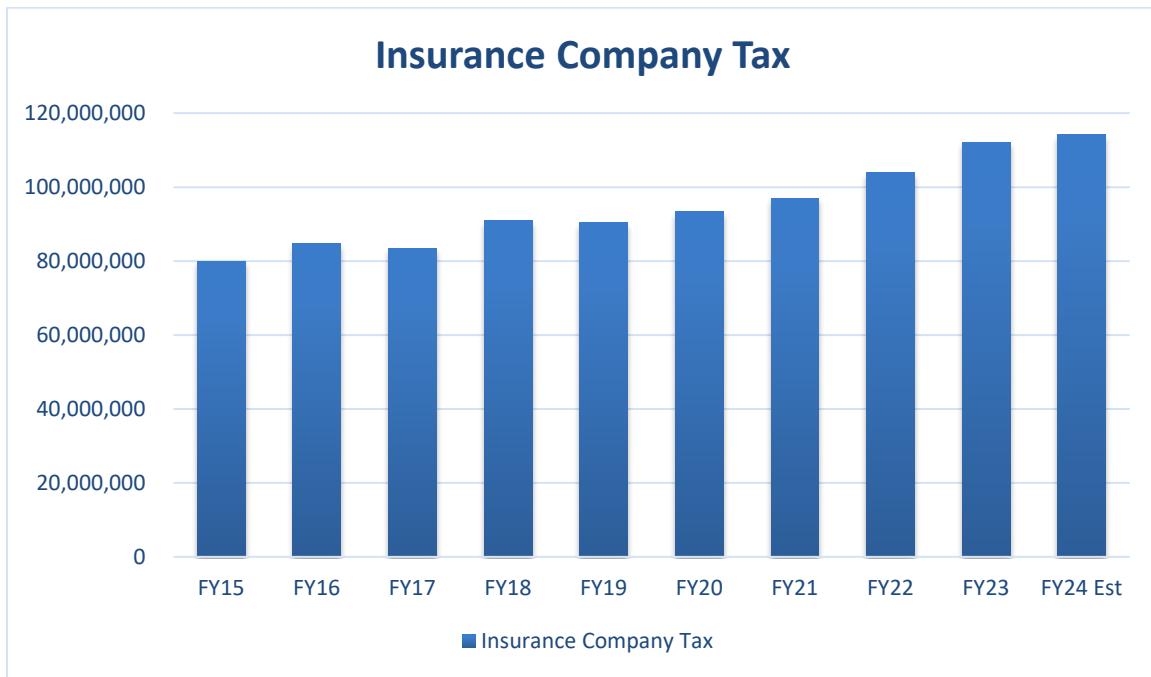
R² = .9910

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Total Net Receipts	155,823,772	189,407,586	190,626,773
Dollar Change	11,375,506	33,583,813	1,219,187
Percent Change	7.88	21.55	0.64

INSURANCE COMPANY TAX

FY2023 Performance: In FY2023, insurance company tax collections totaled \$112.1 million, which was up 7.8%, or \$8.1 million, from FY2022. Actual FY2023 collections were \$2.4 million higher than the most recent legislative adopted estimates.

- The average annual increase between FY2014 and FY2023 was 4.6%.
- Collections from this tax account for approximately 4.9% of ongoing general fund revenues in FY2023.



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 9.)

Insurance Company Tax Collections = 8.35 – 4.56*Seasonal Indicator Variable + 0.01*SD Nonfarm Income + 0.04*Consumer Spending on Insurance – 0.46*Yield on Two-Year Treasury note + 1.84*Affordable Care Act Indicator Variable.

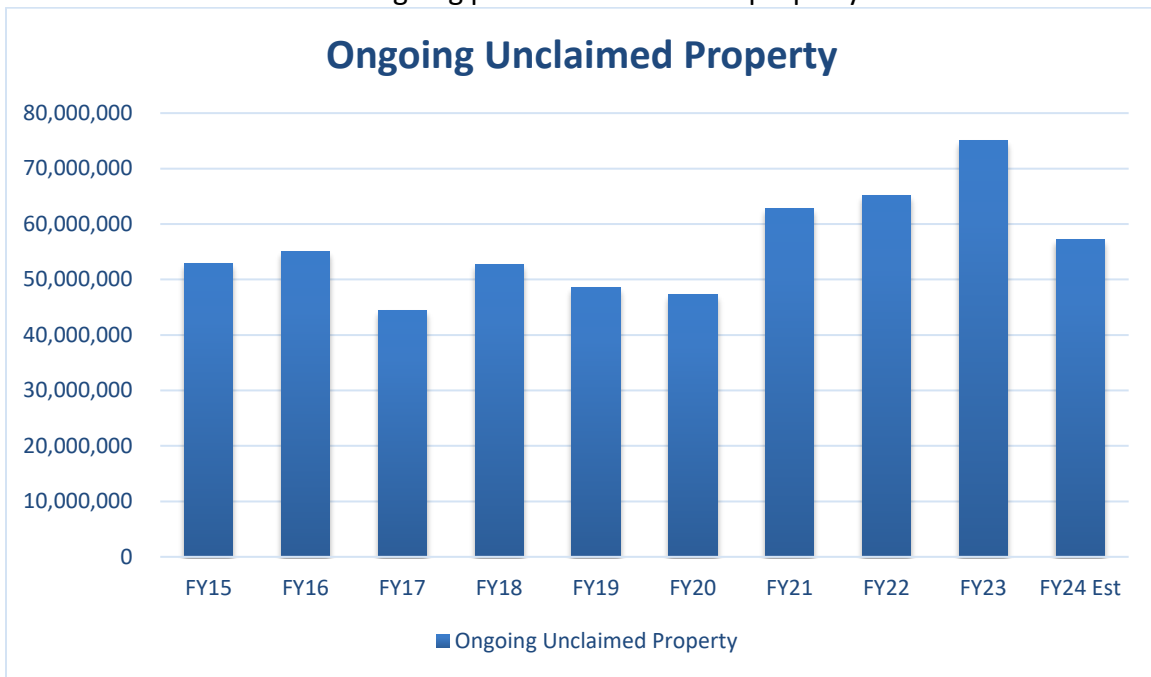
R² = .9761

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Receipts	103,995,420	112,141,293	114,227,770
Dollar Change	6,984,981	8,145,874	2,086,477
Percent Change	7.20	7.83	1.86

UNCLAIMED PROPERTY RECEIPTS

FY2023 Performance: In FY2023, unclaimed property receipts to the general fund totaled \$85.5 million, which was an increase of \$20.4 million, or 31.4%. In total, actual FY2023 collections were \$14.3 million higher than the most recent legislative adopted estimates.

- Collections from unclaimed property receipts account for approximately 3.3% of ongoing general fund revenues in FY2023.
- The chart below shows the ongoing portion of unclaimed property.



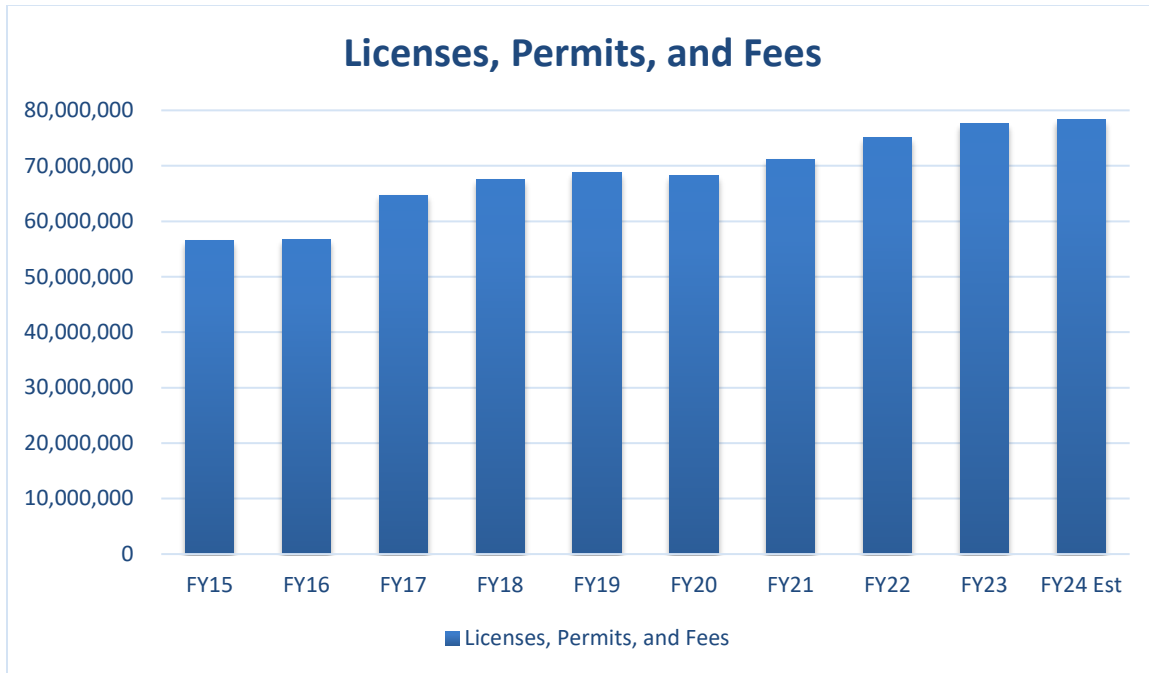
Estimate: The projections for unclaimed property receipts are based on historical collections and current conditions.

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Ongoing UCP	65,097,628	74,981,213	57,185,445
Dollar Change	2,287,698	9,883,585	(17,795,768)
Percent Change	3.64	15.18	(23.73)
One-time UCP	0	10,554,826	0
Total UCP	65,097,628	85,536,039	57,185,445
Dollar Change	2,287,698	20,438,412	(28,350,594)
Percent Change	3.64	31.40	(33.14)

LICENSES, PERMITS, AND FEES

FY2023 Performance: In FY2023, collections from licenses, permits, and fees totaled \$77.6 million, which was up 3.4%, or \$2.6 million, from FY2022. Actual FY2023 collections were \$0.8 million higher than the most recent legislative adopted estimates.

- Collections in this category account for approximately 3.4% of ongoing general fund revenues in FY2023.



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

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Receipts	75,077,171	77,636,494	78,365,604
Dollar Change	3,864,275	2,559,323	729,110
Percent Change	5.43	3.41	0.94

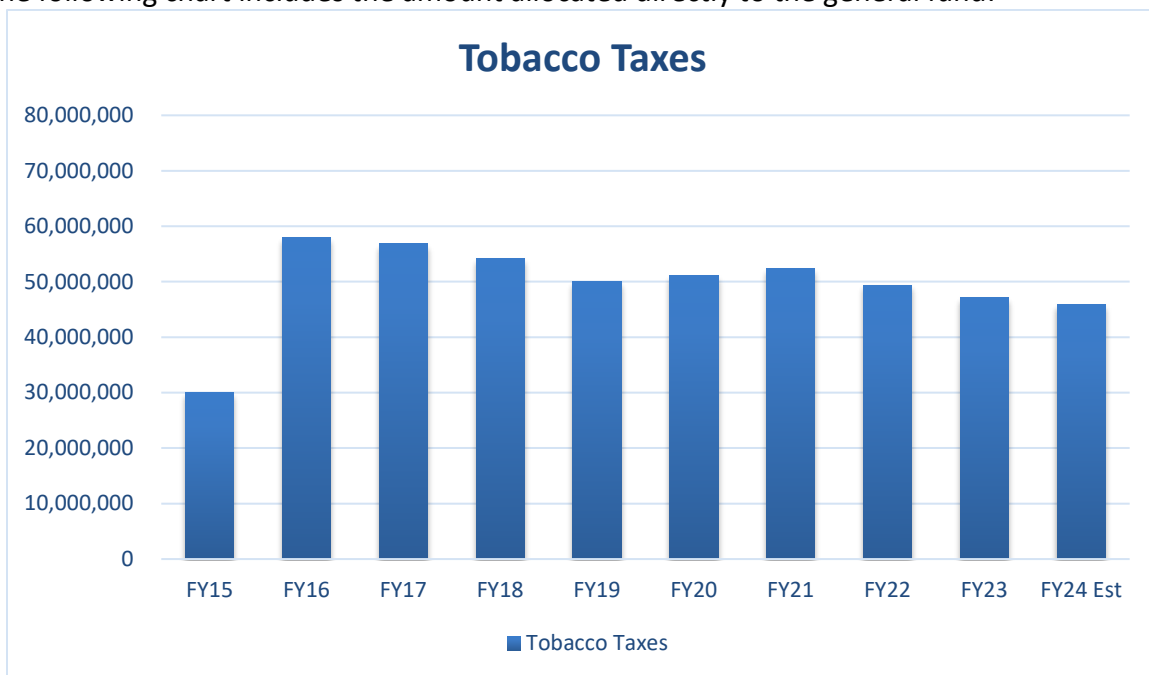
TOBACCO TAXES

FY2023 Performance: In FY2023, the total collections from the tobacco taxes were \$52.1 million of which \$47.1 million was deposited into the general fund and \$5.0 million was dedicated to tobacco prevention. In FY2023, cigarette taxes totaled \$40.3 million, which was a decrease of \$2.5 million, or 5.8%, compared to FY2022. Other tobacco taxes totaled \$11.8 million, which was an increase of \$0.2 million, or 1.4%, over FY2022.

- Approximately 77% of the collections included in this category are from the tax on cigarettes, and the remaining 23% is collected based on the tax on the wholesale purchase price of other tobacco products.
- Collections in this category account for approximately 2.0% of ongoing general fund receipts in FY2023.
- The total estimates and breakdown of where the dollars go are included in the following table.

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
General Fund	30,000,000	30,000,000	30,000,000
TPRTF	5,000,000	5,000,000	5,000,000
Remainder to GF	19,385,379	17,074,649	15,823,414
Total	54,385,379	52,074,649	50,823,414

- 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 \$45,823,414 in FY2024.

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Total Receipts	49,385,379	47,074,649	45,823,414
Dollar Change	(2,928,814)	(2,310,730)	(1,251,235)
Percent Change	(5.60)	(4.68)	(2.66)

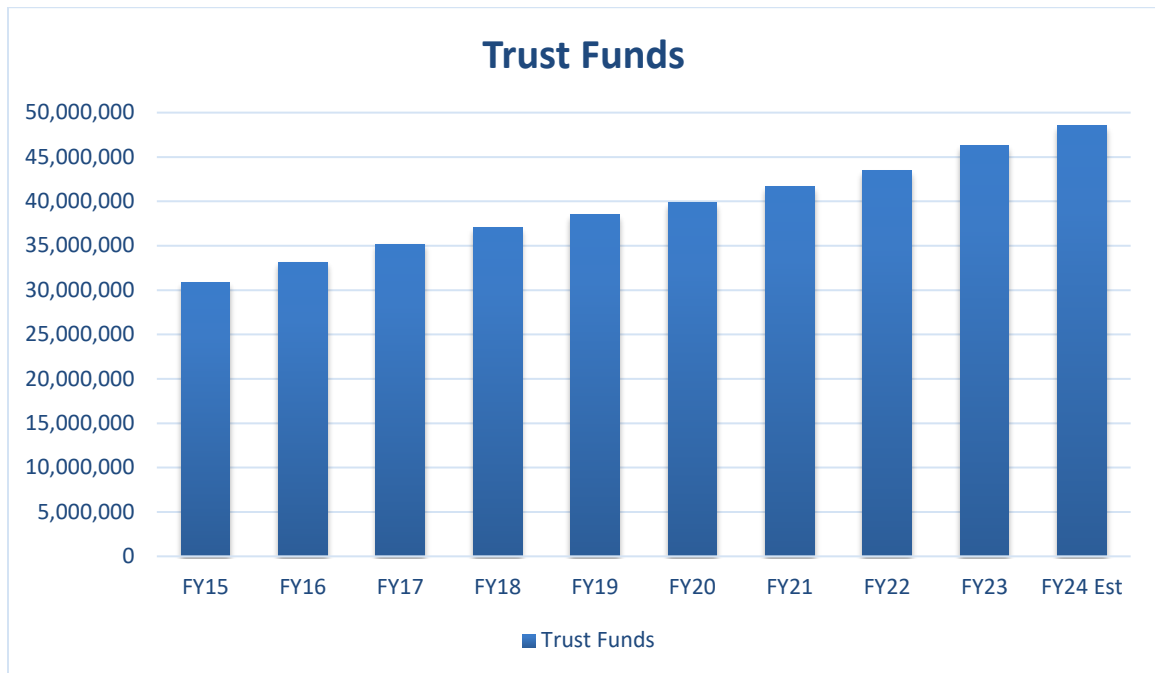
TRUST FUNDS

FY2023 Performance: Transfers from the trust funds to the general fund in FY2023 totaled \$46.3 million, which was an increase of 6.4%, or \$2.8 million, from FY2022.

- The table below shows the amounts transferred from each of the trust funds to the general fund in FY2022 and FY2023, and the estimated amounts for FY2024.

	Actual FY2022	Actual FY2023	Estimated FY2024
HCTF	5,839,236	6,612,325	7,276,454
EETF	23,673,657	25,277,997	26,389,450
DCTF	13,982,377	14,369,136	14,886,425
Total	43,495,271	46,259,458	48,552,329

- Receipts from the trust funds account for approximately 2.0% of ongoing general fund revenues in FY2023.



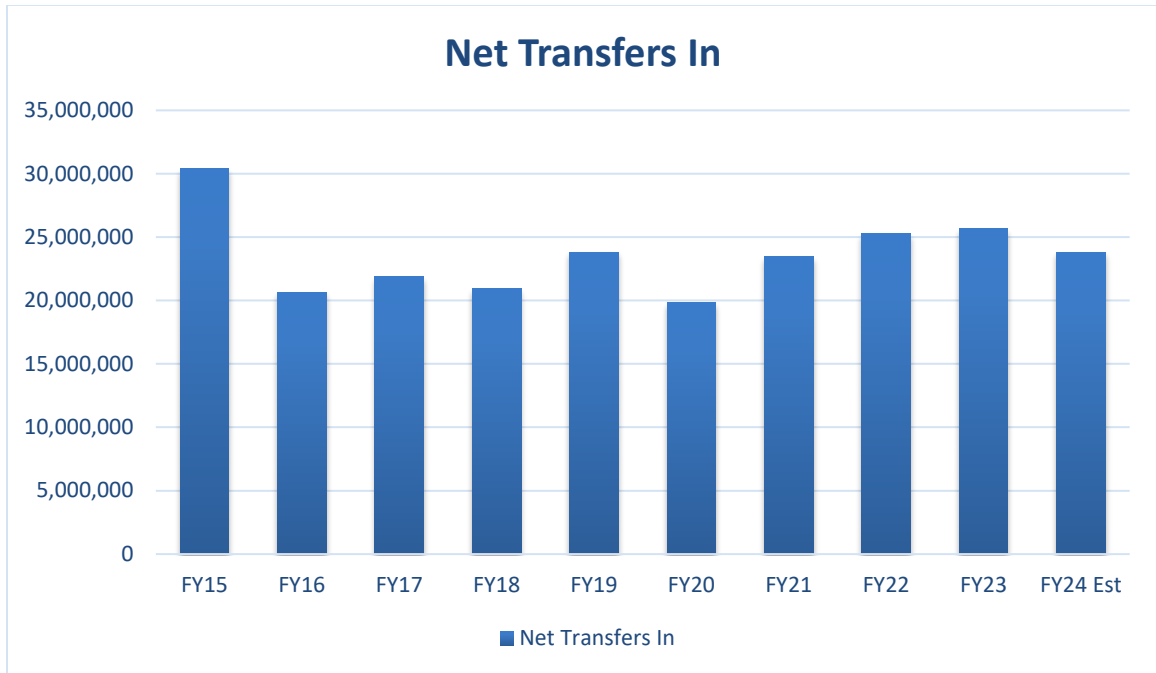
Estimate: The estimate for FY2024 includes the constitutionally required transfer from the Dakota Cement Trust and the amounts to be transferred from the Health Care Trust Fund and Education Enhancement Trust Fund pursuant to SDCL 4-5-29.1 and SDCL 4-5-29.2.

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Total Receipts	43,495,271	46,259,458	48,552,329
Dollar Change	1,867,232	2,764,187	2,292,871
Percent Change	4.49	6.36	4.96

NET TRANSFERS IN

FY2023 Performance: In FY2023, collections from ongoing net transfers in totaled \$25.7 million, which was an increase of 1.5%, or \$0.4 million, from FY2022. Actual collections in FY2023 were \$1.3 million higher than the most recent legislative adopted estimate.

- Receipts included in this category account for approximately 1.1% of ongoing general fund revenues in FY2023.



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

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Ongoing NTI	25,279,507	25,652,534	23,809,712
Dollar Change	1,808,013	373,027	(1,842,822)
Percent Change	7.70	1.48	(7.18)
One-time NTI	3,061,037	0	0
Total NTI	28,340,544	25,652,534	23,809,712
Dollar Change	(1,876,604)	(2,688,010)	(1,842,822)
Percent Change	(6.21)	(9.48)	(7.18)

ALCOHOL BEVERAGE TAX

FY2023 Performance: Alcohol beverage tax collections to the general fund in FY2023 totaled \$8.9 million, down 2.9% compared to FY2022. Actual FY2023 collections were \$0.1 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 0.4% of ongoing general fund revenues in FY2023.



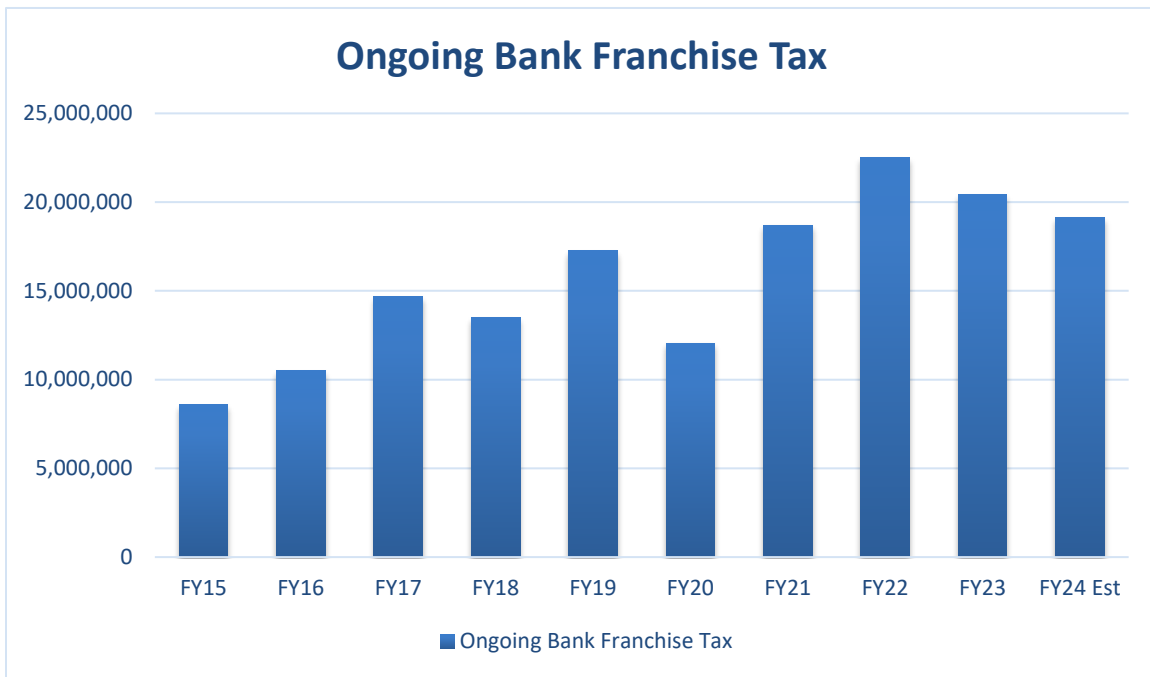
Estimate: The estimates are based on historical collections and current conditions.

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Total Receipts	9,203,968	8,939,732	9,449,375
Dollar Change	436,241	(264,235)	509,643
Percent Change	4.98	(2.87)	5.70

BANK FRANCHISE TAX

FY2023 Performance: In FY2023, ongoing bank franchise tax collections totaled \$20.4 million, which was a decrease of \$2.1 million, or 9.3%, compared to FY2022. Ongoing FY2023 bank tax collections were \$1.3 million higher than the most recent legislative adopted estimate. One-time bank franchise tax collections in FY2023 totaled \$0.7 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 0.9% of ongoing general fund revenues in FY2023.



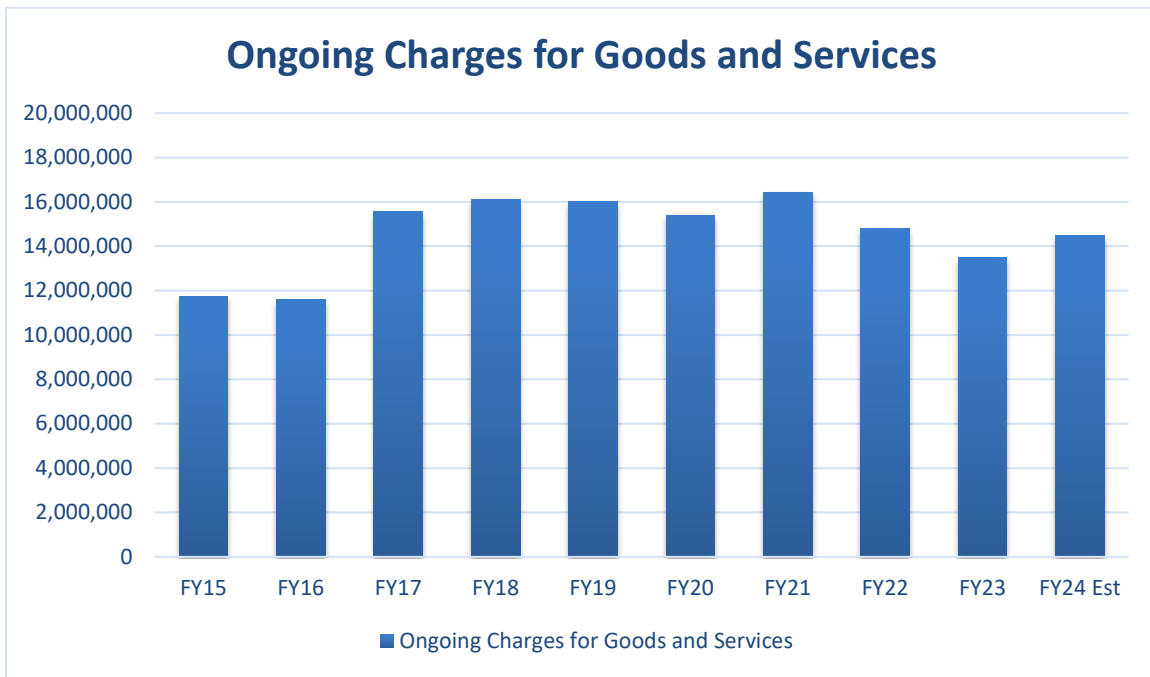
Estimate: Collections received from bank card taxpayers and other banks are estimated individually. The estimate is based on historical collections and current conditions.

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Ongoing BFT	22,511,850	20,425,082	19,125,665
Dollar Change	3,809,828	(2,086,768)	(1,299,417)
Percent Change	20.37	(9.27)	(6.36)
One-Time BFT	1,568,296	699,173	0
Total BFT	24,080,146	21,124,255	19,125,665
Dollar Change	(4,635,666)	(2,955,891)	(1,998,590)
Percent Change	(16.14)	(12.28)	(9.46)

CHARGES FOR GOODS AND SERVICES

FY2023 Performance: In FY2023, the charges for goods and services category totaled \$13.5 million, a decrease of \$1.3 million, or 9.0%, compared to FY2022 collections. Actual FY2023 collections were \$1.4 million lower 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 0.6% of ongoing general fund revenues in FY2023.



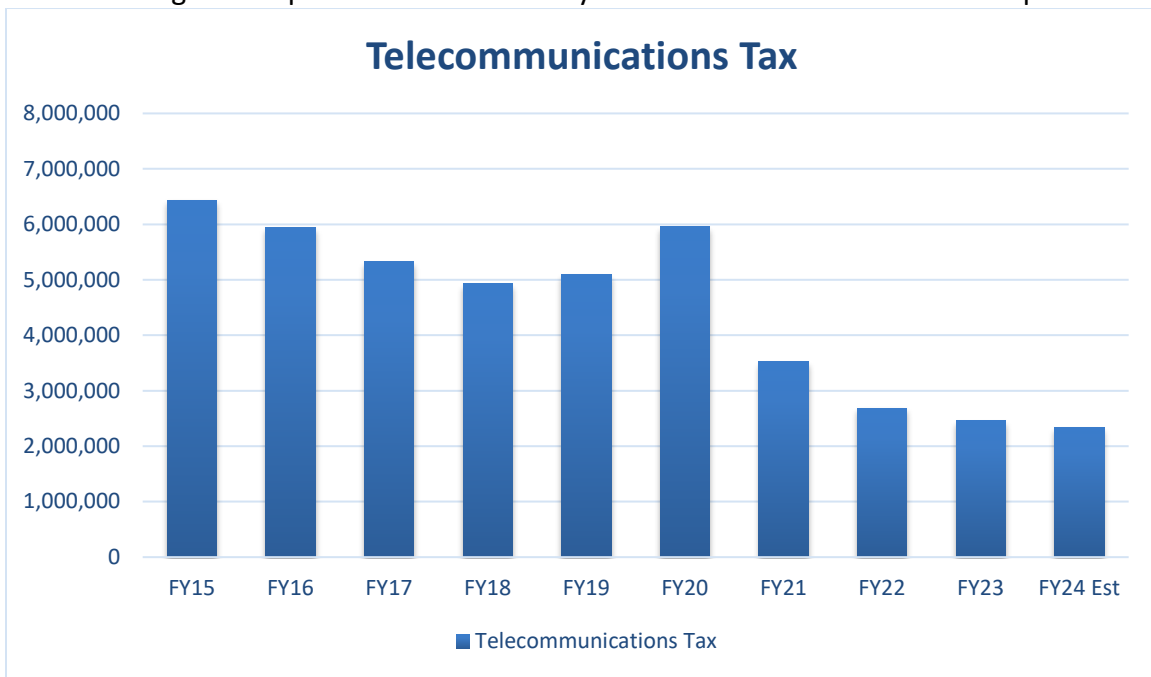
Estimate: The different sources of receipts included in this category are broken out and estimated individually based on historical collections and current conditions.

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Ongoing CGS	14,804,251	13,473,405	14,475,822
Dollar Change	(1,640,178)	(1,330,846)	1,002,417
Percent Change	(9.97)	(8.99)	7.44

TELECOMMUNICATIONS TAX

FY2023 Performance: In FY2023, the telecommunications tax totaled \$2.5 million, a decrease of \$0.2 million, or 8.2%, compared to FY2022 collections. Actual FY2023 collections were \$0.1 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.



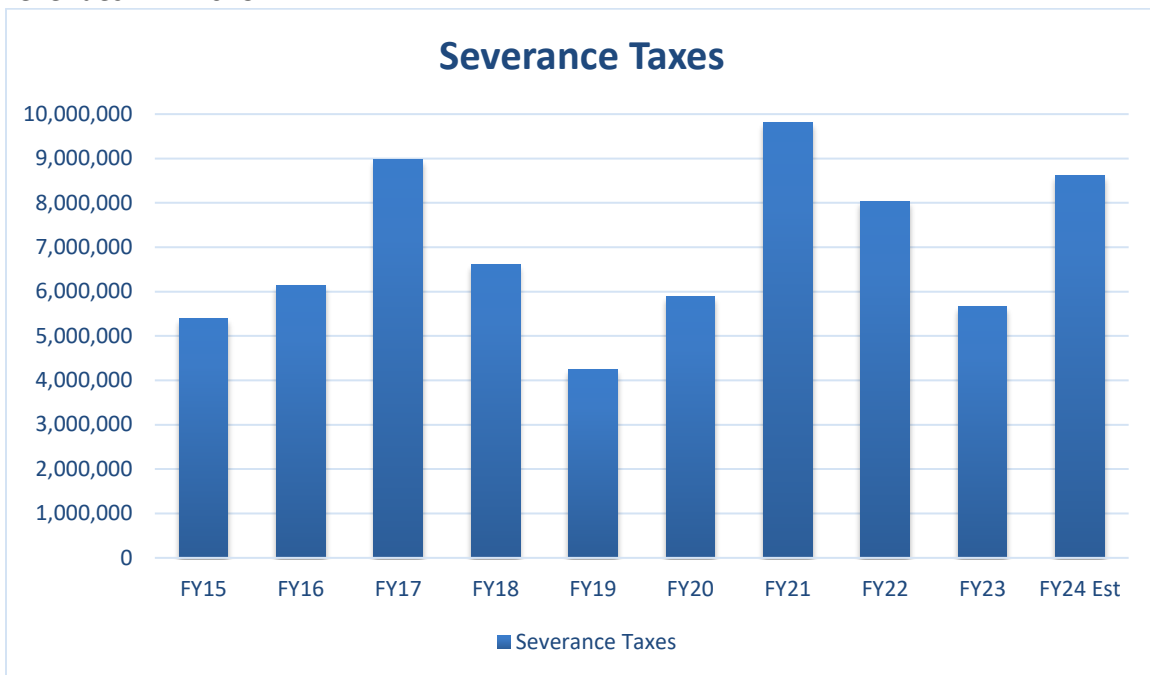
Estimate: Collections from the telecommunications tax is based on historical collections and current conditions.

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Total Receipts	2,688,458	2,466,873	2,337,477
Dollar Change	(832,120)	(221,585)	(129,396)
Percent Change	(23.64)	(8.24)	(5.25)

SEVERANCE TAXES

FY2023 Performance: Severance tax collections totaled \$5.7 million in FY2023, which was down \$2.4 million, or 29.6%, from FY2022. Collections from energy mineral severance taxes (primarily oil) totaled \$1.8 million, which was up \$0.2 million, or 12.5%, compared to FY2022. Collections from precious metal severance taxes (primarily gold) totaled \$3.9 million, which was down \$2.6 million, or 39.8%, compared to FY2022. Total FY2023 severance tax collections were \$1.3 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 0.2% of ongoing general fund revenues in FY2023.



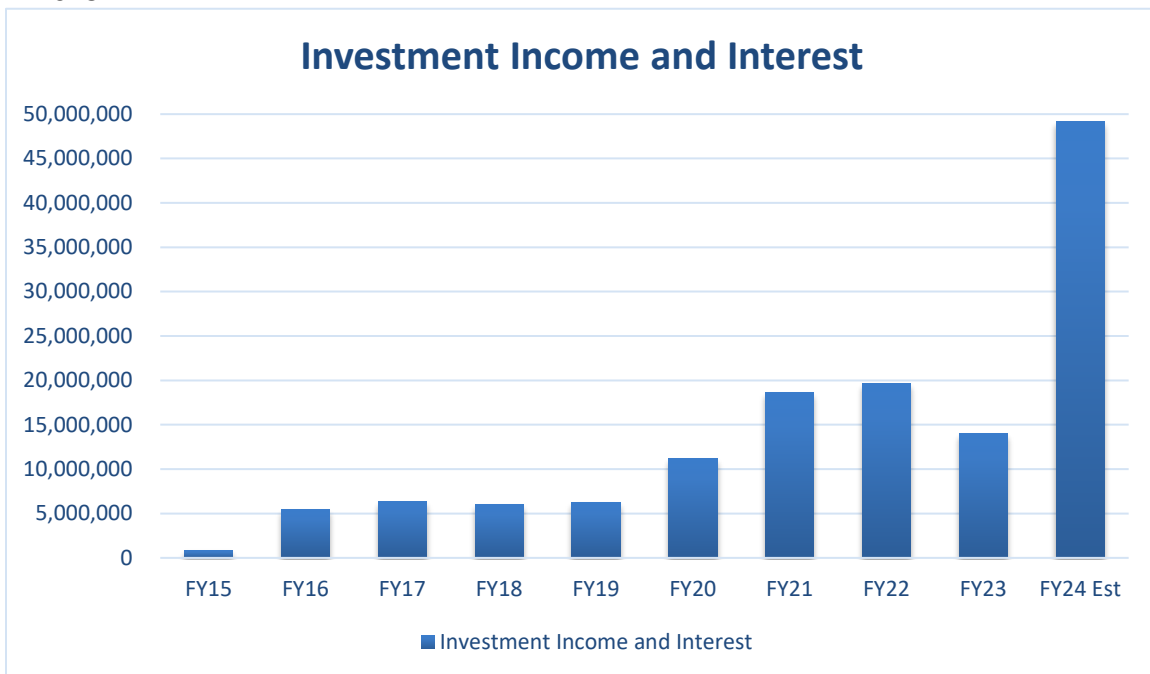
Estimate: Collections from taxes on precious metals and energy minerals are estimated separately. The estimates of collections from the severance taxes on gold and precious metals are based on history as well as gold prices. The estimates of collections from the tax on energy minerals are based on history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

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Total Receipts	8,033,942	5,657,605	8,616,375
Dollar Change	(1,776,659)	(2,376,337)	2,958,770
Percent Change	(18.11)	(29.58)	52.30

INVESTMENT INCOME AND INTEREST

FY2023 Performance: In FY2023, collections from investment income and interest totaled \$14.0 million, a decrease of \$5.6 million, or 28.7%, compared to FY2022. The yield of the cash flow fund was 0.9% for FY2022. Total FY2023 collections were \$0.03 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 0.6% of ongoing general fund revenues in FY2023.



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 2.2%. Coronavirus Relief Fund dollars were received in April 2020 and State Fiscal Recovery Funds were received in August 2021, which also contributes to increases in interest income.

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Total Receipts	19,648,565	14,000,549	49,156,734
Dollar Change	1,056,268	(5,648,016)	35,156,185
Percent Change	5.68	(28.75)	251.11

ALCOHOL BEVERAGE 2% WHOLESALE TAX

FY2023 Performance: Collections in FY2023 totaled \$2.9 million, up 0.9% from FY2022. Actual FY2023 collections from this tax were \$0.2 million lower than the most recent legislative adopted estimate.

- Collections from this tax account for approximately 0.1% of ongoing general fund revenues in FY2023.



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

	Actual FY2022	Actual FY2023	Interim Estimate FY2024
Total Receipts	2,909,711	2,936,973	3,153,607
Dollar Change	313,554	27,262	216,634
Percent Change	12.08	0.94	7.38