



REVENUE FORECAST

2024 Interim

July 30, 2024

TABLE OF CONTENTS

	PAGE
INTERIM FORECAST MEMORANDUM	1
GENERAL FUND RECEIPTS: ACTUAL FY2023 & FY2024 and INTERIM FY2025 FORECAST	2
ACTUAL FY2023 VS. ACTUAL FY2024 RECEIPTS	3
LEGISLATIVE REVISED FY2024 VS. ACTUAL FY2024 RECEIPTS	4
ACTUAL FY2024 VS. ADOPTED FY2025	5
ACTUAL FY2024 RECEIPTS VS. BFM INTERIM FY2025 FORECAST	6
ADOPTED FY2025 ESTIMATE (FEB 2024) VS. INTERIM FY2025 FORECAST (JULY 2024)	7
SALES AND USE TAX	8-9
LOTTERY	10
CONTRACTOR'S EXCISE TAX	11
INSURANCE COMPANY TAX	12
UNCLAIMED PROPERTY RECEIPTS	13
LICENSES, PERMITS, AND FEES	14
TOBACCO TAXES	15
TRUST FUNDS	16
NET TRANSFERS IN	17
ALCOHOL BEVERAGE TAX	18
BANK FRANCHISE TAX	19
CHARGES FOR GOODS AND SERVICES	20
TELECOMMUNICATIONS TAX	21
SEVERANCE TAXES	22
INVESTMENT INCOME AND INTEREST	23
ALCOHOL BEVERAGE 2% WHOLESALE TAX	24

MEMORANDUM

TO: Governor Kristi Noem and Interim Joint Committee on Appropriations

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

SUBJECT: Interim FY2025 Revenue Projections

DATE: July 30, 2024

In accordance with the provisions of SDCL 4-8A-16, the following report includes actual revenue for FY2023 and FY2024 and updated revenue projections for FY2025 for the various sources of revenue that flow to the state general fund.

The updated FY2025 revenue estimates from the Bureau of Finance and Management total \$2,447,914,527 on an ongoing basis. This updated projection is \$28,421,990, or 1.17 percent, higher than the Legislative Adopted FY2025 estimate. Since this most recent forecast is higher than the Adopted FY2025 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 FY2023	ACTUAL FY2024	BFM INTERIM FY2025
ONGOING RECEIPTS			
Sales and Use Tax	1,480,572,850	1,441,678,770	1,495,443,499
Lottery	176,663,767	179,328,773	181,711,370
Contractor's Excise Tax	189,407,586	216,712,589	219,710,380
Insurance Company Tax	112,141,293	128,189,481	134,347,950
Unclaimed Property Receipts	74,981,213	133,617,777	61,013,556
Licenses, Permits, and Fees	77,636,494	75,761,844	75,937,512
Tobacco Taxes	47,074,649	43,462,155	41,777,428
Trust Funds	46,259,458	48,334,193	50,273,656
Net Transfers In	25,652,534	28,901,042	26,619,985
Alcohol Beverage Tax	8,939,732	8,969,518	9,185,683
Bank Franchise Tax	20,425,082	28,659,255	25,274,738
Charges for Goods and Services	13,473,405	14,262,896	12,817,710
Telecommunications Tax	2,466,873	2,116,069	2,035,659
Severance Taxes	5,657,605	10,932,699	12,472,862
Investment Income and Interest	14,000,549	49,318,506	96,103,154
Alcohol Bev 2% Wholesale Tax	2,936,973	3,063,771	3,189,385
TOTAL (ONGOING RECEIPTS)	\$ 2,298,290,062	\$ 2,413,309,338	\$ 2,447,914,527
ONE-TIME RECEIPTS			
Bank Franchise Tax Prior Year Revenue	699,173	1,443,391	0
One-Time Sales and Use Tax	0	12,319,527	0
One-Time Unclaimed Property Receipts	10,554,826	0	0
Unexpended Carryovers and Specials	17,709,410	14,910,359	0
Obligated Cash Carried Forward	115,478,433	96,775,123	80,735,092
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 144,441,842	\$ 125,448,400	\$ 80,735,092
GRAND TOTAL	\$ 2,442,731,904	\$ 2,538,757,738	\$ 2,528,649,619

ACTUAL FY2023 vs. ACTUAL FY2024 RECEIPTS

	ACTUAL FY2023	ACTUAL FY2024	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,480,572,850	1,441,678,770	(38,894,080)	(2.63)
Lottery	176,663,767	179,328,773	2,665,006	1.51
Contractor's Excise Tax	189,407,586	216,712,589	27,305,004	14.42
Insurance Company Tax	112,141,293	128,189,481	16,048,187	14.31
Unclaimed Property Receipts	74,981,213	133,617,777	58,636,564	78.20
Licenses, Permits, and Fees	77,636,494	75,761,844	(1,874,650)	(2.41)
Tobacco Taxes	47,074,649	43,462,155	(3,612,494)	(7.67)
Trust Funds	46,259,458	48,334,193	2,074,736	4.48
Net Transfers In	25,652,534	28,901,042	3,248,508	12.66
Alcohol Beverage Tax	8,939,732	8,969,518	29,786	0.33
Bank Franchise Tax	20,425,082	28,659,255	8,234,173	40.31
Charges for Goods and Services	13,473,405	14,262,896	789,491	5.86
Telecommunications Tax	2,466,873	2,116,069	(350,803)	(14.22)
Severance Taxes	5,657,605	10,932,699	5,275,094	93.24
Investment Income and Interest	14,000,549	49,318,506	35,317,957	252.26
Alcohol Bev 2% Wholesale Tax	2,936,973	3,063,771	126,797	4.32
TOTAL (ONGOING RECEIPTS)	\$ 2,298,290,062	\$ 2,413,309,338	\$ 115,019,276	5.00
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	699,173	1,443,391	744,218	106.44
One-Time Sales and Use Tax	0	12,319,527	12,319,527	N/A
One-Time Unclaimed Property Receipts	10,554,826	0	(10,554,826)	(100.00)
Unexpended Carryovers and Specials	17,709,410	14,910,359	(2,799,051)	(15.81)
Obligated Cash Carried Forward	115,478,433	96,775,123	(18,703,310)	(16.20)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 144,441,842	\$ 125,448,400	\$ (18,993,442)	(13.15)
GRAND TOTAL	\$ 2,442,731,904	\$ 2,538,757,738	\$ 96,025,834	3.93

LEGISLATIVE REVISED FY2024 VS. ACTUAL FY2024 RECEIPTS

	LEG REVISED FY2024	ACTUAL FY2024	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,462,785,293	1,441,678,770	(21,106,523)	(1.44)
Lottery	181,018,787	179,328,773	(1,690,014)	(0.93)
Contractor's Excise Tax	213,317,856	216,712,589	3,394,733	1.59
Insurance Company Tax	120,445,684	128,189,481	7,743,797	6.43
Unclaimed Property Receipts	125,855,625	133,617,777	7,762,152	6.17
Licenses, Permits, and Fees	76,422,368	75,761,844	(660,524)	(0.86)
Tobacco Taxes	44,236,608	43,462,155	(774,453)	(1.75)
Trust Funds	48,319,904	48,334,193	14,289	0.03
Net Transfers In	25,634,077	28,901,042	3,266,965	12.74
Alcohol Beverage Tax	9,050,060	8,969,518	(80,542)	(0.89)
Bank Franchise Tax	19,328,221	28,659,255	9,331,034	48.28
Charges for Goods and Services	13,223,671	14,262,896	1,039,225	7.86
Telecommunications Tax	2,236,518	2,116,069	(120,449)	(5.39)
Severance Taxes	10,278,618	10,932,699	654,081	6.36
Investment Income and Interest	49,185,773	49,318,506	132,733	0.27
Alcohol Bev 2% Wholesale Tax	3,063,457	3,063,771	314	0.01
TOTAL (ONGOING RECEIPTS)	\$ 2,404,402,520	\$ 2,413,309,338	\$ 8,906,818	0.37
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	0	1,443,391	1,443,391	N/A
One-Time Sales and Use Tax	0	12,319,527	12,319,527	N/A
Unexpended Carryovers and Specials	13,250,000	14,910,359	1,660,359	12.53
Obligated Cash Carried Forward	96,775,123	96,775,123	0	0.00
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 110,025,123	\$ 125,448,400	\$ 15,423,277	14.02
GRAND TOTAL	\$ 2,514,427,643	\$ 2,538,757,738	\$24,330,095	0.97

ACTUAL FY2024 RECEIPTS VS. ADOPTED FY2025 ESTIMATE

	<u>ACTUAL FY2024</u>	<u>LEG ADOPTED FY2025</u>	<u>DOLLAR CHANGE</u>	<u>PERCENT CHANGE</u>
ONGOING RECEIPTS				
Sales and Use Tax	1,441,678,770	1,503,099,599	61,420,829	4.26
Lottery	179,328,773	183,126,656	3,797,883	2.12
Contractor's Excise Tax	216,712,589	221,365,672	4,653,083	2.15
Insurance Company Tax	128,189,481	125,089,820	(3,099,661)	(2.42)
Unclaimed Property Receipts	133,617,777	61,013,556	(72,604,221)	(54.34)
Licenses, Permits, and Fees	75,761,844	77,611,286	1,849,442	2.44
Tobacco Taxes	43,462,155	42,537,115	(925,040)	(2.13)
Trust Funds	48,334,193	50,387,330	2,053,137	4.25
Net Transfers In	28,901,042	25,348,873	(3,552,169)	(12.29)
Alcohol Beverage Tax	8,969,518	9,148,840	179,322	2.00
Bank Franchise Tax	28,659,255	17,715,124	(10,944,131)	(38.19)
Charges for Goods and Services	14,262,896	13,497,285	(765,611)	(5.37)
Telecommunications Tax	2,116,069	2,196,234	80,165	3.79
Severance Taxes	10,932,699	9,881,951	(1,050,748)	(9.61)
Investment Income and Interest	49,318,506	74,319,000	25,000,494	50.69
Alcohol Bev 2% Wholesale Tax	3,063,771	3,154,196	90,425	2.95
TOTAL (ONGOING RECEIPTS)	<u>\$ 2,413,309,338</u>	<u>\$ 2,419,492,537</u>	<u>\$ 6,183,199</u>	<u>0.26</u>
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	1,443,391	0	(1,443,391)	(100.00)
One-Time Sales and Use Tax	12,319,527	0	(12,319,527)	(100.00)
Unexpended Carryovers and Specials	14,910,359	0	(14,910,359)	(100.00)
Obligated Cash Carried Forward	96,775,123	0	(96,775,123)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ 125,448,400</u>	<u>\$ -</u>	<u>\$ (125,448,400)</u>	<u>(100.00)</u>
GRAND TOTAL	<u>\$ 2,538,757,738</u>	<u>\$ 2,419,492,537</u>	<u>\$ (119,265,201)</u>	<u>(4.70)</u>

ACTUAL FY2024 RECEIPTS VS. INTERIM FY2025 FORECAST

	<u>ACTUAL FY2024</u>	<u>BFM INTERIM FY2025</u>	<u>DOLLAR CHANGE</u>	<u>PERCENT CHANGE</u>
ONGOING RECEIPTS				
Sales and Use Tax	1,441,678,770	1,495,443,499	53,764,729	3.73
Lottery	179,328,773	181,711,370	2,382,597	1.33
Contractor's Excise Tax	216,712,589	219,710,380	2,997,791	1.38
Insurance Company Tax	128,189,481	134,347,950	6,158,469	4.80
Unclaimed Property Receipts	133,617,777	61,013,556	(72,604,221)	(54.34)
Licenses, Permits, and Fees	75,761,844	75,937,512	175,668	0.23
Tobacco Taxes	43,462,155	41,777,428	(1,684,727)	(3.88)
Trust Funds	48,334,193	50,273,656	1,939,463	4.01
Net Transfers In	28,901,042	26,619,985	(2,281,057)	(7.89)
Alcohol Beverage Tax	8,969,518	9,185,683	216,165	2.41
Bank Franchise Tax	28,659,255	25,274,738	(3,384,517)	(11.81)
Charges for Goods and Services	14,262,896	12,817,710	(1,445,186)	(10.13)
Telecommunications Tax	2,116,069	2,035,659	(80,410)	(3.80)
Severance Taxes	10,932,699	12,472,862	1,540,163	14.09
Investment Income and Interest	49,318,506	96,103,154	46,784,648	94.86
Alcohol Bev 2% Wholesale Tax	3,063,771	3,189,385	125,614	4.10
TOTAL (ONGOING RECEIPTS)	<u>\$ 2,413,309,338</u>	<u>\$ 2,447,914,527</u>	<u>\$ 34,605,189</u>	<u>1.43</u>
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	1,443,391	0	(1,443,391)	(100.00)
One-Time Sales and Use Tax	12,319,527	0	(12,319,527)	(100.00)
Unexpended Carryovers and Specials	14,910,359	0	(14,910,359)	(100.00)
Obligated Cash Carried Forward	96,775,123	80,735,092	(16,040,031)	(16.57)
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ 125,448,400</u>	<u>\$ 80,735,092</u>	<u>\$ (44,713,309)</u>	<u>(35.64)</u>
GRAND TOTAL	<u>\$ 2,538,757,738</u>	<u>\$ 2,528,649,619</u>	<u>\$ (10,108,119)</u>	<u>(0.40)</u>

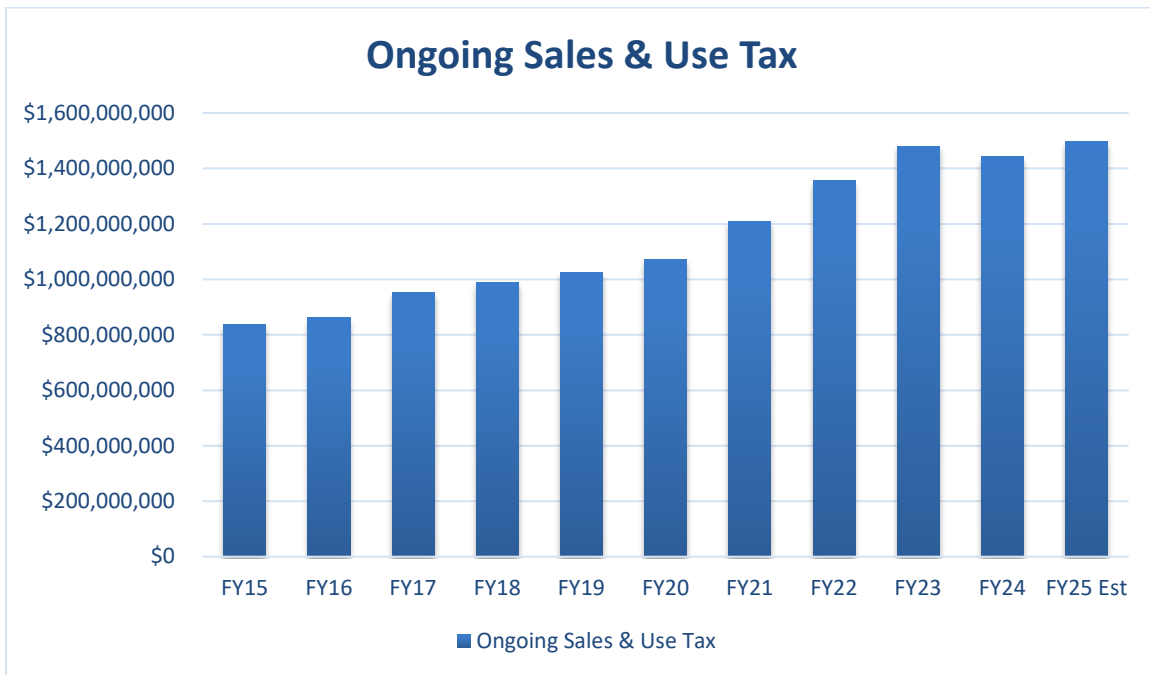
ADOPTED FY2024 ESTIMATE VS. INTERIM FY2024 FORECAST

	<u>LEG ADOPTED FY2025</u>	<u>BFM INTERIM FY2025</u>	<u>DOLLAR CHANGE</u>	<u>PERCENT CHANGE</u>
ONGOING RECEIPTS				
Sales and Use Tax	1,503,099,599	1,495,443,499	(7,656,100)	(0.51)
Lottery	183,126,656	181,711,370	(1,415,286)	(0.77)
Contractor's Excise Tax	221,365,672	219,710,380	(1,655,292)	(0.75)
Insurance Company Tax	125,089,820	134,347,950	9,258,130	7.40
Unclaimed Property Receipts	61,013,556	61,013,556	0	0.00
Licenses, Permits, and Fees	77,611,286	75,937,512	(1,673,774)	(2.16)
Tobacco Taxes	42,537,115	41,777,428	(759,687)	(1.79)
Trust Funds	50,387,330	50,273,656	(113,674)	(0.23)
Net Transfers In	25,348,873	26,619,985	1,271,112	5.01
Alcohol Beverage Tax	9,148,840	9,185,683	36,843	0.40
Bank Franchise Tax	17,715,124	25,274,738	7,559,614	42.67
Charges for Goods and Services	13,497,285	12,817,710	(679,575)	(5.03)
Telecommunications Tax	2,196,234	2,035,659	(160,575)	(7.31)
Severance Taxes	9,881,951	12,472,862	2,590,911	26.22
Investment Income and Interest	74,319,000	96,103,154	21,784,154	29.31
Alcohol Bev 2% Wholesale Tax	3,154,196	3,189,385	35,189	1.12
TOTAL (ONGOING RECEIPTS)	<u>\$ 2,419,492,537</u>	<u>\$ 2,447,914,527</u>	<u>\$ 28,421,990</u>	<u>1.17</u>
ONE-TIME RECEIPTS				
Obligated Cash Carried Forward	0	80,735,092	80,735,092	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ -</u>	<u>\$ 80,735,092</u>	<u>\$ 80,735,092</u>	<u>N/A</u>
GRAND TOTAL	<u><u>\$ 2,419,492,537</u></u>	<u><u>\$ 2,528,649,619</u></u>	<u><u>\$ 109,157,082</u></u>	<u><u>4.51</u></u>

SALES AND USE TAX

FY2024 Performance: In FY2024, ongoing sales and use tax collections were \$1,441.7 million, which was a decrease of 2.6% or \$38.9 million from FY2023. Actual ongoing FY2024 collections were \$21.1 million less than the most recent revised legislative adopted estimate.

- The average annual increase in collections between FY2015 and FY2024 was 6.4%.
- The growth rate in ongoing sales and use tax collections, when adjusting for the rate change, was 4.2% in FY2024.
- Net collections from the sales and use tax account for approximately 59.7% of ongoing general fund revenues in FY2024.



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)

$STCDS = -757.97 + 0.06 * SD \text{ Nonfarm Income} + 227.74 * \text{Seasonal Indicator Variable} + 10.94 * SD \text{ Leisure and Hospitality Employment} + 30.50 * SD \text{ Housing Starts} + 377.72 * \text{Consumer Price Index excluding Food and Energy}.$

$R^2 = .9948$

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

STBUSCND = -1948.50 + 20.07*SD Consumer Price Index + 0.03*SD Nonfarm Income + 364.26*Seasonal Indicator Variable + 1268.95*Stimulus Indicator Variable.

R² = .9865

Equation 3: Construction Related Purchases (STCON)

STCON = -527.77 + 22.89*SD Construction, Natural Resources, and Mining Employment + 170.15*Seasonal Indicator Variable + 13.82*SD Housing Starts + 0.05*SD Wage and Salary Disbursements + 0.04*Farm Proprietors Income (lagged).

R² = .9526

Equation 4: Recreation Related Purchases (STREC)

STREC = -258.75 + 161.56*Seasonal Indicator Variable + 9.19*SD Leisure and Hospitality Employment + 0.03*SD Disposable Income – 0.92*Oil Price – 248.36*COVID Indicator Variable.

R² = .9884

Equation 5: Utilities (STUTI)

STUTI = -255.36 + 3.93*Consumer Spending on Electricity and Natural Gas + 0.01*SD Nonfarm Income + 59.39*Consumer Price Index for Energy -302.64*Indicator Variable.

R² = .9657

Basic steps to follow when reading a regression equation are:

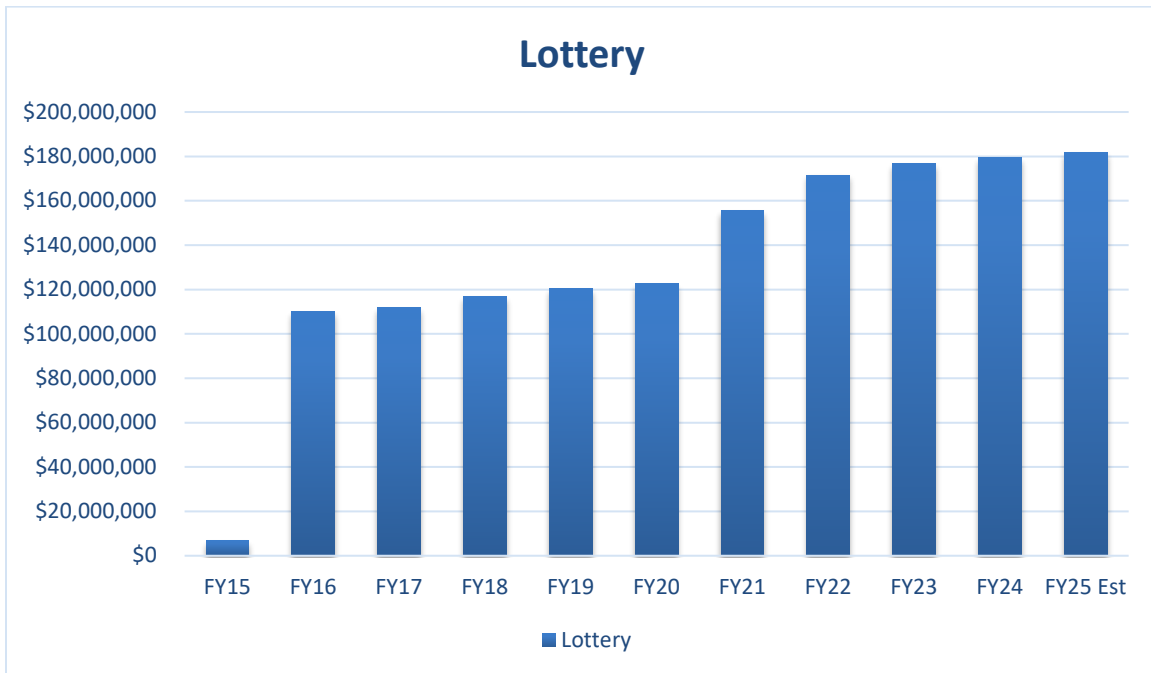
- 1.) Identify the dependent variable (the variable on the left side of the equation) and the independent variables (the variables on the right side of the equation).
- 2.) Look at the signs of the independent variables. The signs tell you if there is a positive or a negative relationship between the 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 FY2023	Actual FY2024	Interim Estimate FY2025
Ongoing SUT	1,480,572,850	1,441,678,770	1,495,443,499
Dollar Change	123,728,057	(38,894,080)	53,764,729
<i>Percent Change</i>	<i>9.12</i>	<i>(2.63)</i>	<i>3.73</i>
One-time SUT	0	12,319,527	0
Total SUT	1,480,572,850	1,453,998,297	1,495,443,499
Dollar Change	95,422,214	(26,574,553)	41,445,202
<i>Percent Change</i>	<i>6.89</i>	<i>(1.79)</i>	<i>2.85</i>

LOTTERY

FY2024 Performance: Receipts to the general fund from the lottery category totaled \$179.3 million in FY2024. Video lottery receipts totaled \$164.0 million, which was an increase of \$1.5 million or 0.9% over FY2023. Receipts from on-line and instant tickets totaled \$15.3 million, which was up \$1.2 million, or 8.6%, compared to FY2023.

- 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 FY2024.



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

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Instant/Online Lottery	14,095,499	15,305,223	15,883,560
Video Lottery	162,568,269	164,023,550	165,827,809
Total Receipts	176,663,767	179,328,773	181,711,370
Dollar Change	5,054,089	2,665,006	2,382,597
Percent Change	2.95	1.51	1.33

CONTRACTOR’S EXCISE TAX

FY2024 Performance: In FY2024, net contractor’s excise tax collections were \$216.7 million, which was an increase of 14.4%, or \$27.3 million, over FY2023. Actual FY2024 collections were \$3.4 million higher than the most recent revised legislative adopted estimate.

- The average annual increase in net contractor’s excise tax collections between FY2015 and FY2024 was 9.2%.
- Net collections from the contractor’s excise tax account for approximately 9.0% of ongoing general fund receipts in FY2024.



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.)

Contractor’s Excise Tax Collections = -22.62 + 12.31*Seasonal Indicator Variable + 0.01*SD Nonfarm Income – 3.69*SD Unemployment Rate + 0.66*SD Housing Starts + 0.23*SD Consumer Price Index + 17.91*(Stimulus Indicator Variable*Seasonal Indicator Variable).

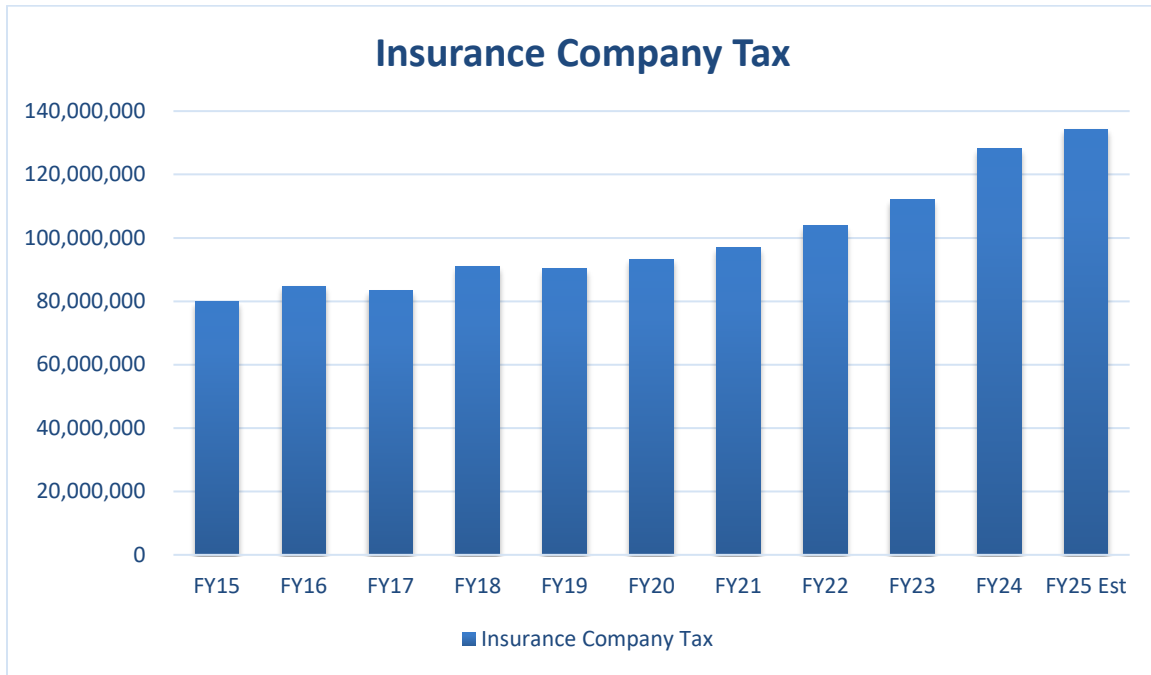
R² = .9689

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Total Net Receipts	189,407,586	216,712,589	219,710,380
Dollar Change	33,583,813	27,305,004	2,997,791
Percent Change	21.55	14.42	1.38

INSURANCE COMPANY TAX

FY2024 Performance: In FY2024, insurance company tax collections totaled \$128.2 million, which was up 14.3%, or \$16.0 million, from FY2023. Actual FY2024 collections were \$7.7 million higher than the most recent legislative adopted estimates.

- The average annual increase between FY2016 and FY2024 was 5.5%.
- Collections from this tax account for approximately 5.3% of ongoing general fund revenues in FY2024.



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 = 6.95 – 5.04*Seasonal Indicator Variable + 0.01*SD Nonfarm Income + 0.02*Consumer Spending on Insurance – 0.22*Yield on Two-Year Treasury note + 1.20*Affordable Care Act Indicator Variable.

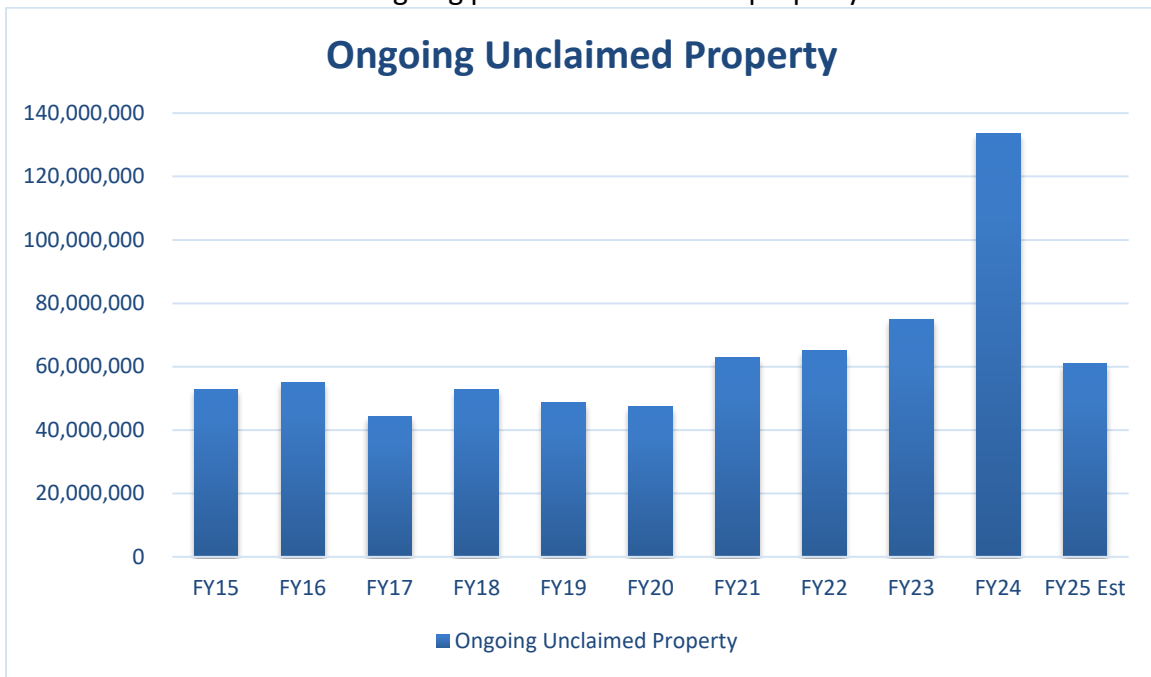
R² = .9610

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Receipts	112,141,293	128,189,481	134,347,950
Dollar Change	8,145,874	16,048,187	6,158,469
Percent Change	7.83	14.31	4.80

UNCLAIMED PROPERTY RECEIPTS

FY2024 Performance: In FY2024, unclaimed property receipts to the general fund totaled \$133.6 million, which was an increase of \$58.6 million, or 78.2%. In total, actual FY2024 collections were \$7.8 million higher than the most recent legislative adopted estimates.

- Collections from unclaimed property receipts account for approximately 5.5% of ongoing general fund revenues in FY2024.
- The chart below shows the ongoing portion of unclaimed property.



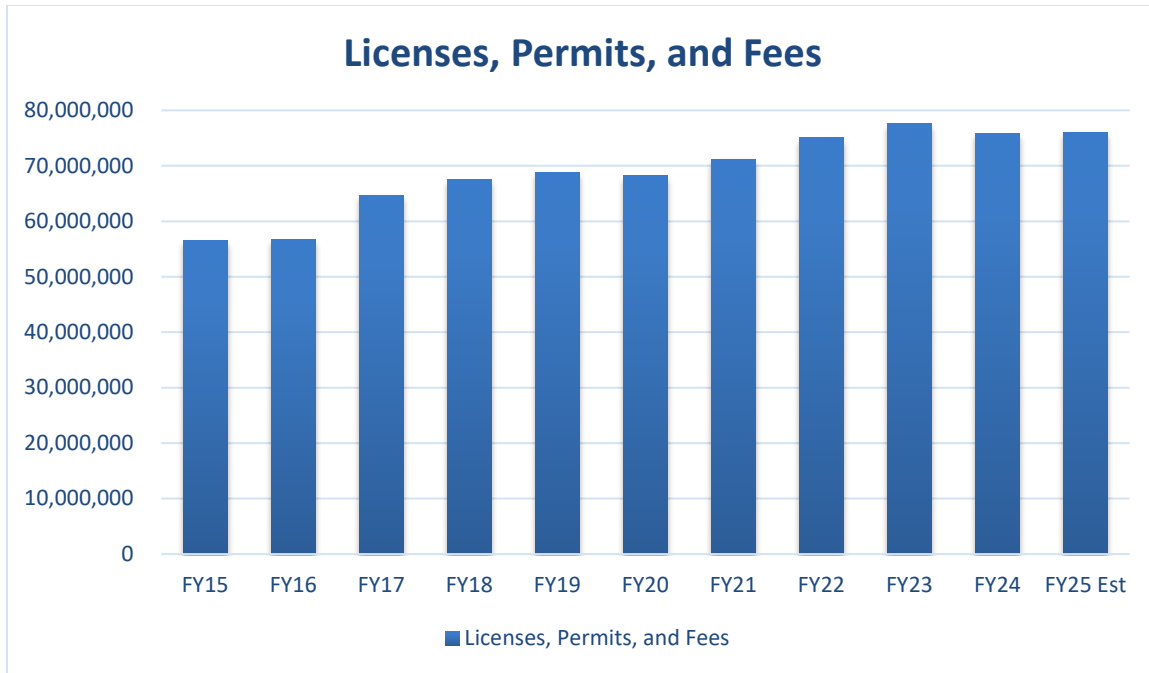
Estimate: The projections for unclaimed property receipts are based on historical collections and current conditions.

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Ongoing UCP	74,981,213	133,617,777	61,013,556
Dollar Change	9,883,585	58,636,564	(72,604,221)
Percent Change	15.18	78.20	(54.34)
One-time UCP	10,554,826	0	0
Total UCP	85,536,039	133,617,777	61,013,556
Dollar Change	20,438,412	48,081,738	(72,604,221)
Percent Change	31.40	56.21	(54.34)

LICENSES, PERMITS, AND FEES

FY2024 Performance: In FY2024, collections from licenses, permits, and fees totaled \$75.8 million, which was down 2.4%, or \$1.9 million, from FY2023. Actual FY2024 collections were \$0.7 million lower than the most recent legislative adopted estimates.

- Collections in this category account for approximately 3.1% of ongoing general fund revenues in FY2024.



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

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Receipts	77,636,494	75,761,844	75,937,512
Dollar Change	2,559,323	(1,874,650)	175,668
Percent Change	3.41	(2.41)	0.23

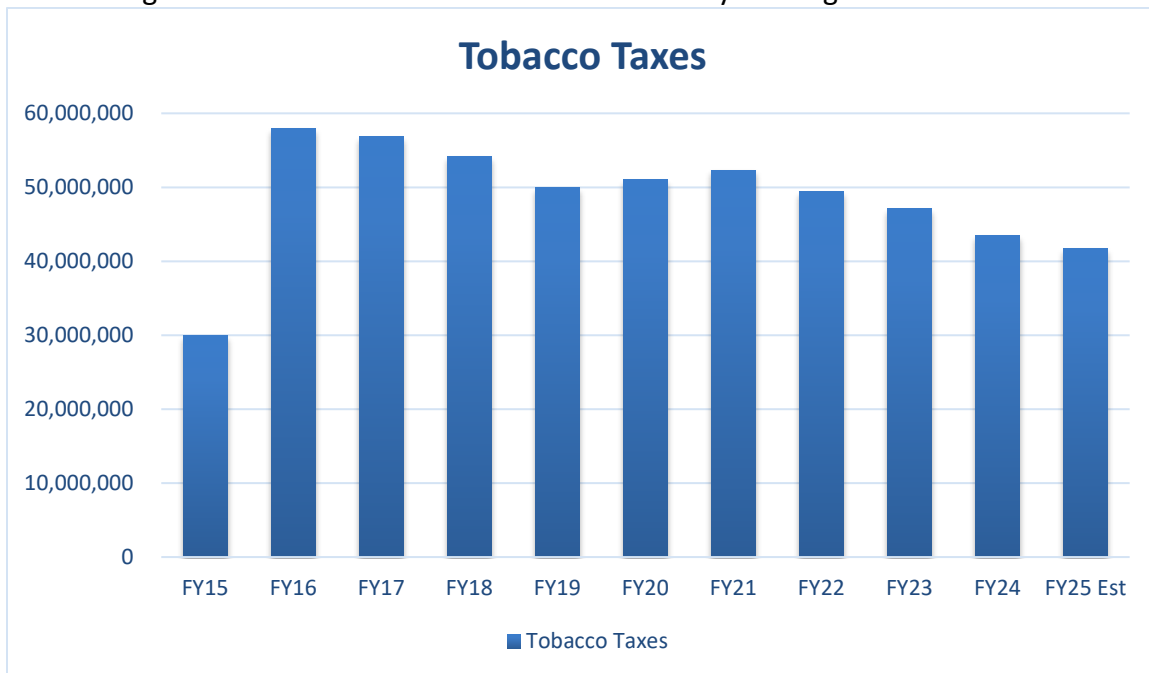
TOBACCO TAXES

FY2024 Performance: In FY2024, the total collections from the tobacco taxes were \$48.5 million of which \$43.5 million was deposited into the general fund and \$5.0 million was dedicated to tobacco prevention. In FY2024, cigarette taxes totaled \$36.7 million, which was a decrease of \$3.6 million, or 9.0%, compared to FY2023. Other tobacco taxes totaled \$11.8 million, which was an increase of \$0.02 million, or 0.2%, over FY2023.

- Approximately 76% of the collections included in this category are from the tax on cigarettes, and the remaining 24% is collected based on the tax on the wholesale purchase price of other tobacco products.
- Collections in this category account for approximately 1.8% of ongoing general fund receipts in FY2024.
- The total estimates and breakdown of where the dollars go are included in the following table.

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
General Fund	30,000,000	30,000,000	30,000,000
TPRTF	5,000,000	5,000,000	5,000,000
Remainder to GF	17,074,649	13,462,155	11,777,428
Total	52,074,649	48,462,155	46,777,428

- 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 \$41.8 million in FY2025.

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Total Receipts	47,074,649	43,462,155	41,777,428
Dollar Change	(2,310,730)	(3,612,494)	(1,684,727)
Percent Change	(4.68)	(7.67)	(3.88)

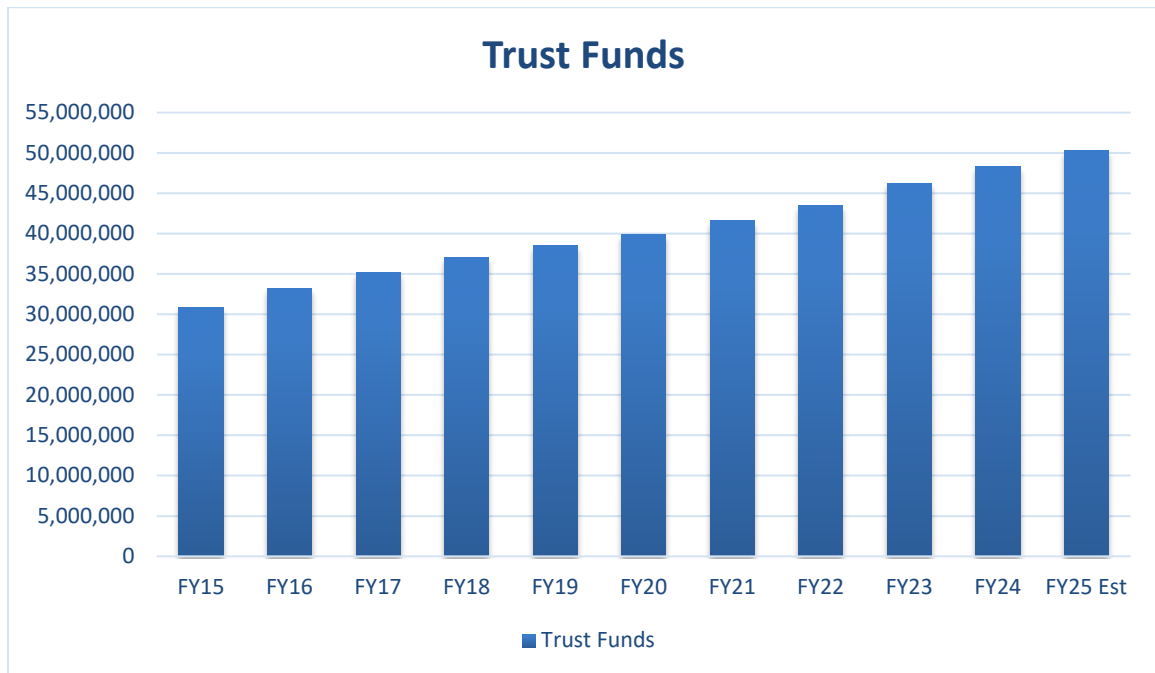
TRUST FUNDS

FY2024 Performance: Transfers from the trust funds to the general fund in FY2024 totaled \$48.3 million, which was an increase of 4.5%, or \$2.1 million, from FY2023.

- The table below shows the amounts transferred from each of the trust funds to the general fund in FY2023 and FY2024, and the estimated amounts for FY2025.

	Actual FY2023	Actual FY2024	Estimated FY2025
HCTF	6,612,325	7,276,454	7,928,672
EETF	25,277,997	26,389,450	27,383,330
DCTF	14,369,136	14,668,289	14,961,655
Total	46,259,458	48,334,193	50,273,656

- Receipts from the trust funds account for approximately 2.0% of ongoing general fund revenues in FY2024.



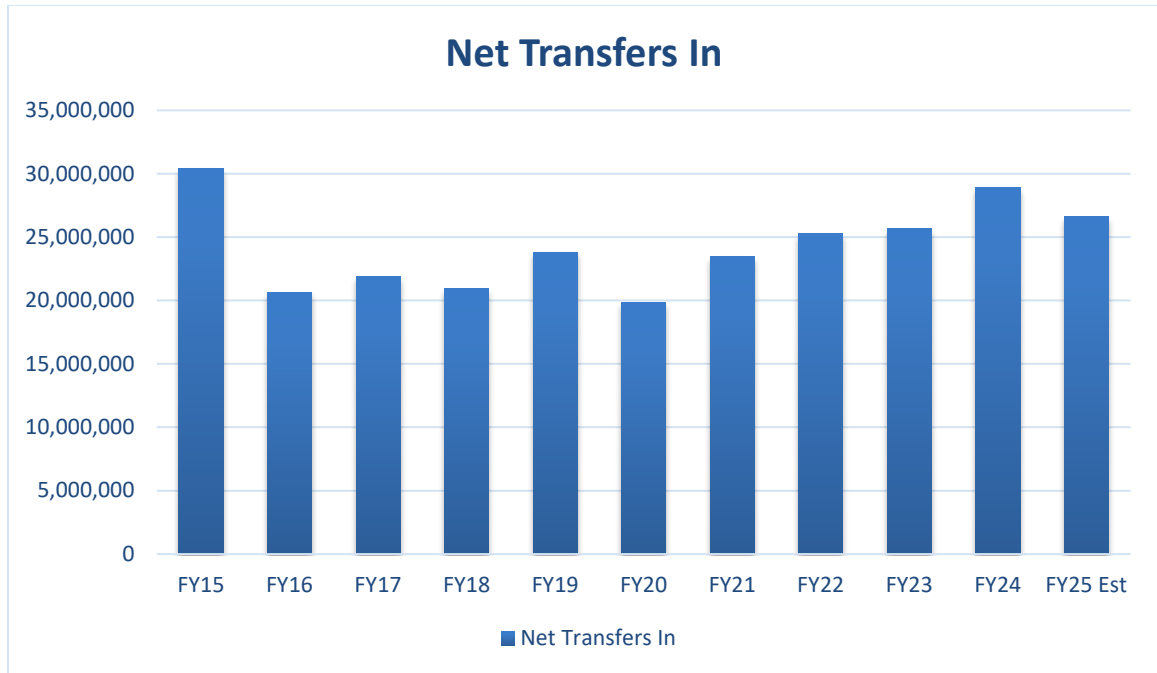
Estimate: The estimate for FY2025 includes the constitutionally required transfer from the Dakota Cement Trust and the amounts to be transferred from the Health Care Trust Fund and Education Enhancement Trust Fund pursuant to SDCL 4-5-29.1 and SDCL 4-5-29.2.

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Total Receipts	46,259,458	48,334,193	50,273,656
Dollar Change	2,764,187	2,074,736	1,939,463
Percent Change	6.36	4.48	4.01

NET TRANSFERS IN

FY2024 Performance: In FY2024, collections from ongoing net transfers in totaled \$28.9 million, which was an increase of 12.7%, or \$3.2 million, from FY2023. Actual collections in FY2024 were \$3.3 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 FY2024.



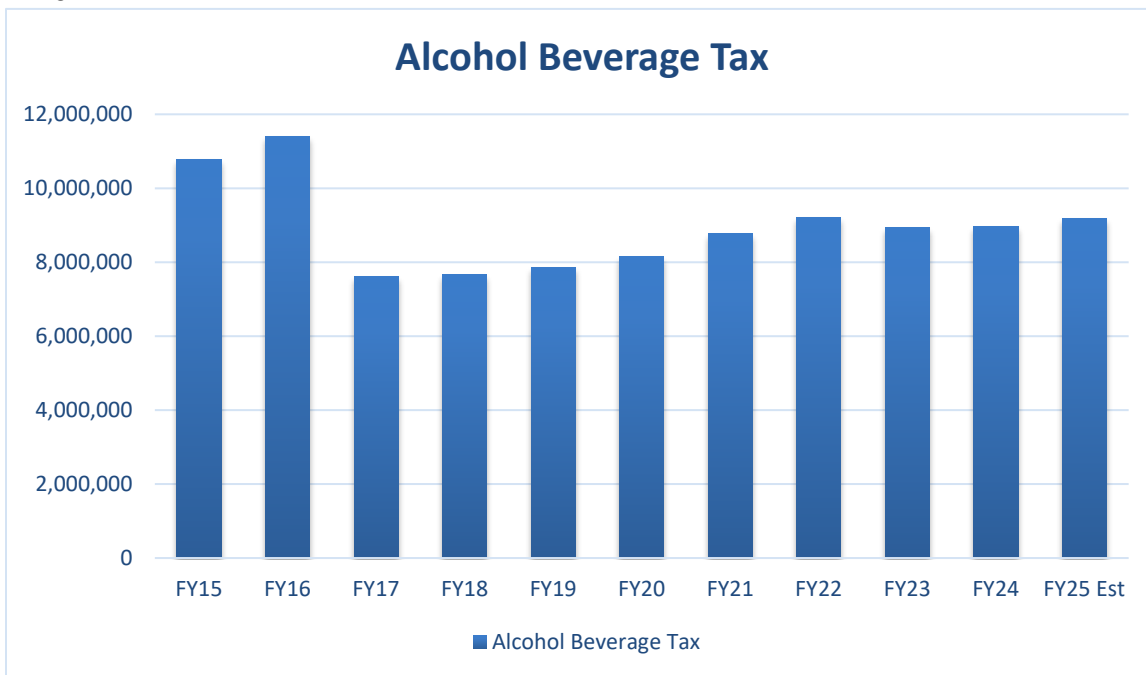
Estimate: The different sources of receipts included in this category are broken out and estimated individually based on historical collections and current conditions.

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Ongoing NTI	25,652,534	28,901,042	26,619,985
Dollar Change	373,027	3,248,508	(2,281,057)
Percent Change	1.48	12.66	(7.89)
One-time NTI	0	0	0
Total NTI	25,652,534	28,901,042	26,619,985
Dollar Change	(2,688,010)	3,248,508	(2,281,057)
Percent Change	(9.48)	12.66	(7.89)

ALCOHOL BEVERAGE TAX

FY2024 Performance: Alcohol beverage tax collections to the general fund in FY2024 totaled \$9.0 million, up 0.3% compared to FY2023. Actual FY2024 collections were \$0.1 million lower 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 FY2024.



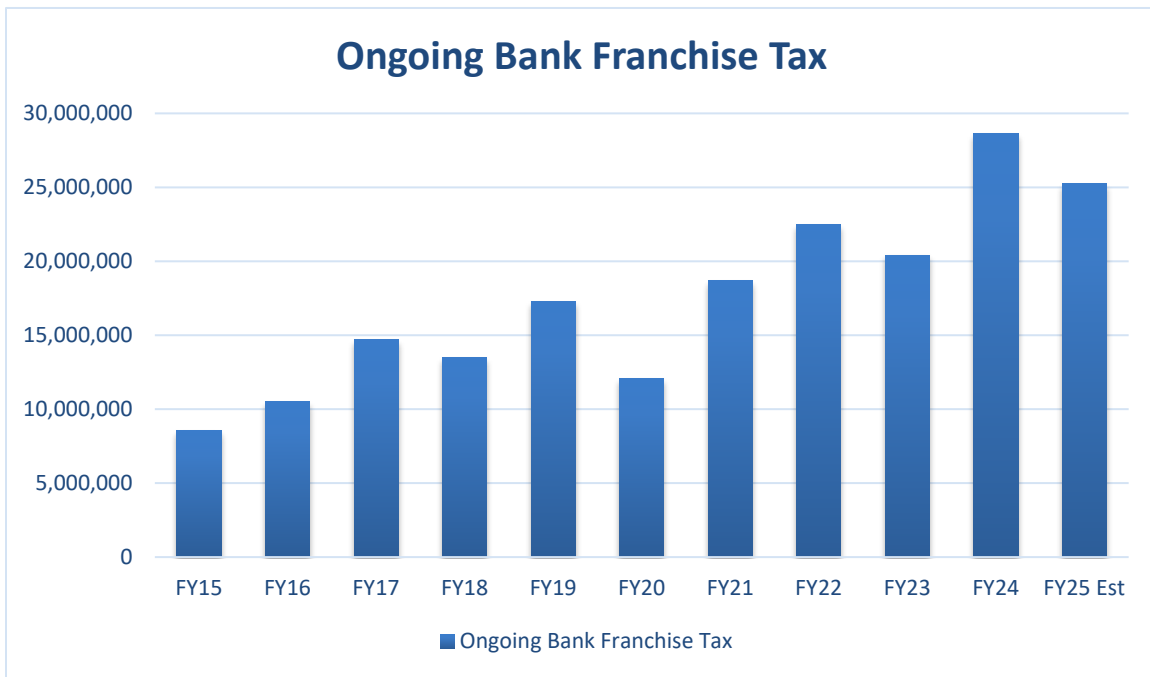
Estimate: The estimates are based on historical collections and current conditions.

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Total Receipts	8,939,732	8,969,518	9,185,683
Dollar Change	(264,235)	29,786	216,165
Percent Change	(2.87)	0.33	2.41

BANK FRANCHISE TAX

FY2024 Performance: In FY2024, ongoing bank franchise tax collections totaled \$28.7 million, which was an increase of \$8.2 million, or 40.3%, compared to FY2023. Ongoing FY2024 bank tax collections were \$9.3 million higher than the most recent legislative adopted estimate. One-time bank franchise tax collections in FY2024 totaled \$1.4 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 1.2% of ongoing general fund revenues in FY2024.



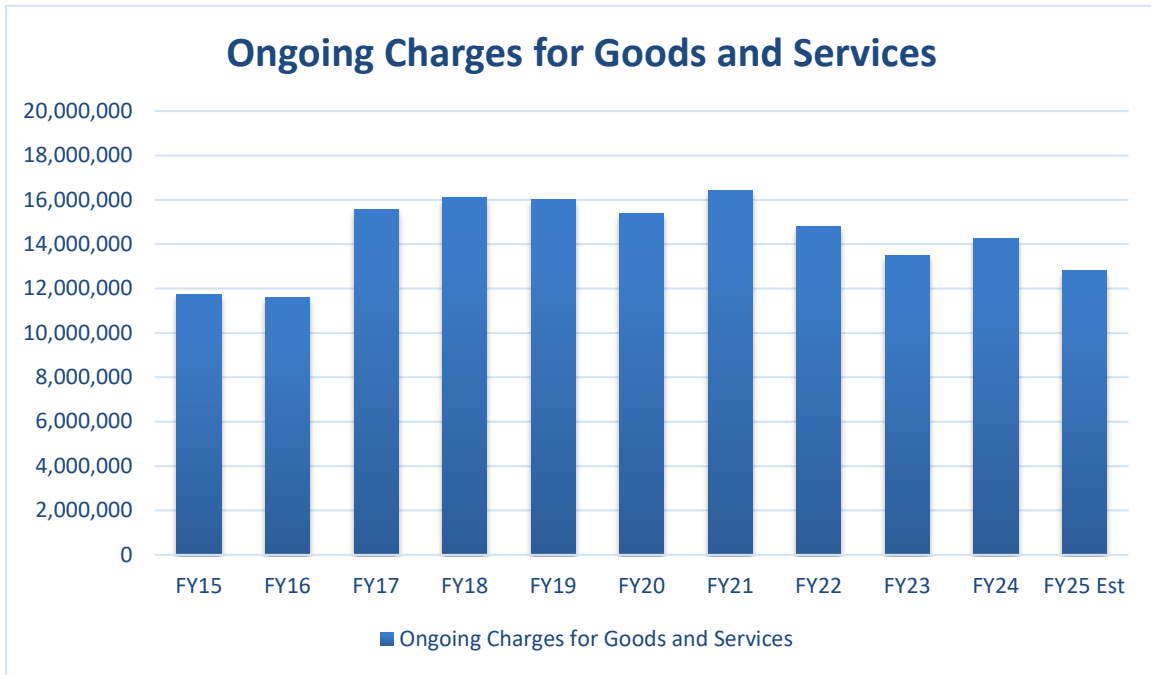
Estimate: Collections received from bank card taxpayers and other banks are estimated individually. The estimate is based on historical collections and current conditions.

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Ongoing BFT	20,425,082	28,659,255	25,274,738
Dollar Change	(2,086,768)	8,234,173	(3,384,517)
Percent Change	(9.27)	40.31	(11.81)
One-Time BFT	699,173	1,443,391	0
Total BFT	21,124,255	30,102,647	25,274,738
Dollar Change	(2,955,891)	8,978,392	(4,827,909)
Percent Change	(12.28)	42.50	(16.04)

CHARGES FOR GOODS AND SERVICES

FY2024 Performance: In FY2024, the charges for goods and services category totaled \$14.3 million, an increase of \$0.8 million, or 5.9%, compared to FY2023 collections. Actual FY2024 collections were \$1.0 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 0.6% of ongoing general fund revenues in FY2024.



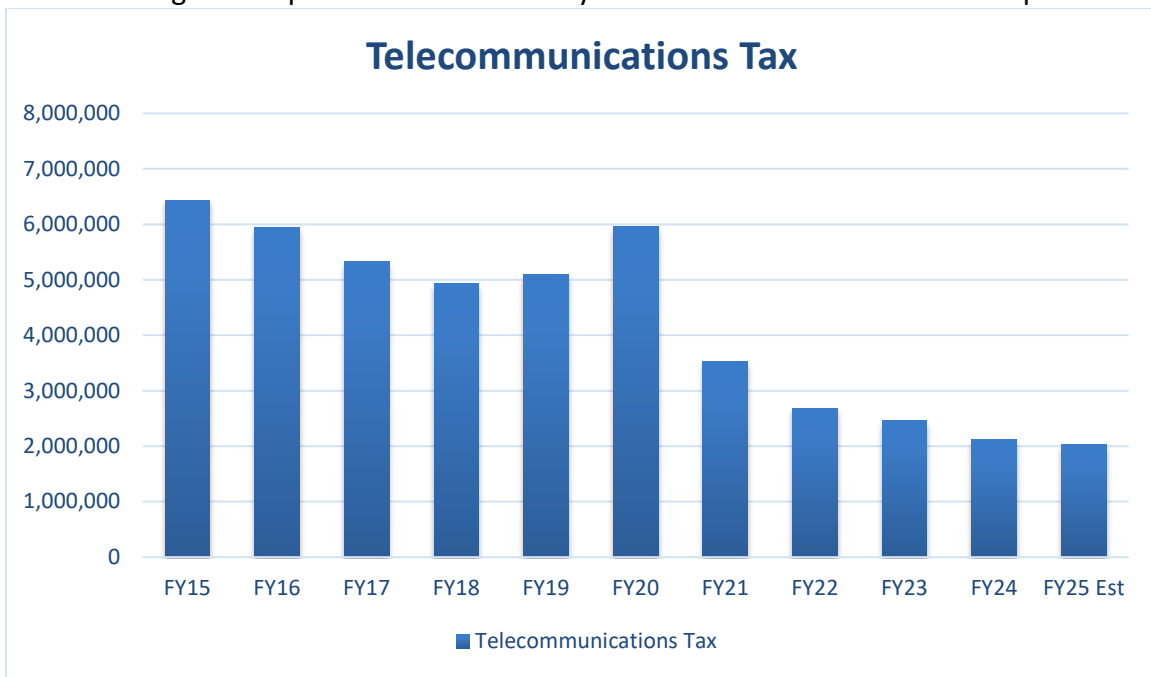
Estimate: The different sources of receipts included in this category are broken out and estimated individually based on historical collections and current conditions.

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Ongoing CGS	13,473,405	14,262,896	12,817,710
Dollar Change	(1,330,846)	789,491	(1,445,186)
Percent Change	(8.99)	5.86	(10.13)

TELECOMMUNICATIONS TAX

FY2024 Performance: In FY2024, the telecommunications tax totaled \$2.1 million, a decrease of \$0.4 million, or 14.2%, compared to FY2023 collections. Actual FY2024 collections were \$0.1 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). 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.



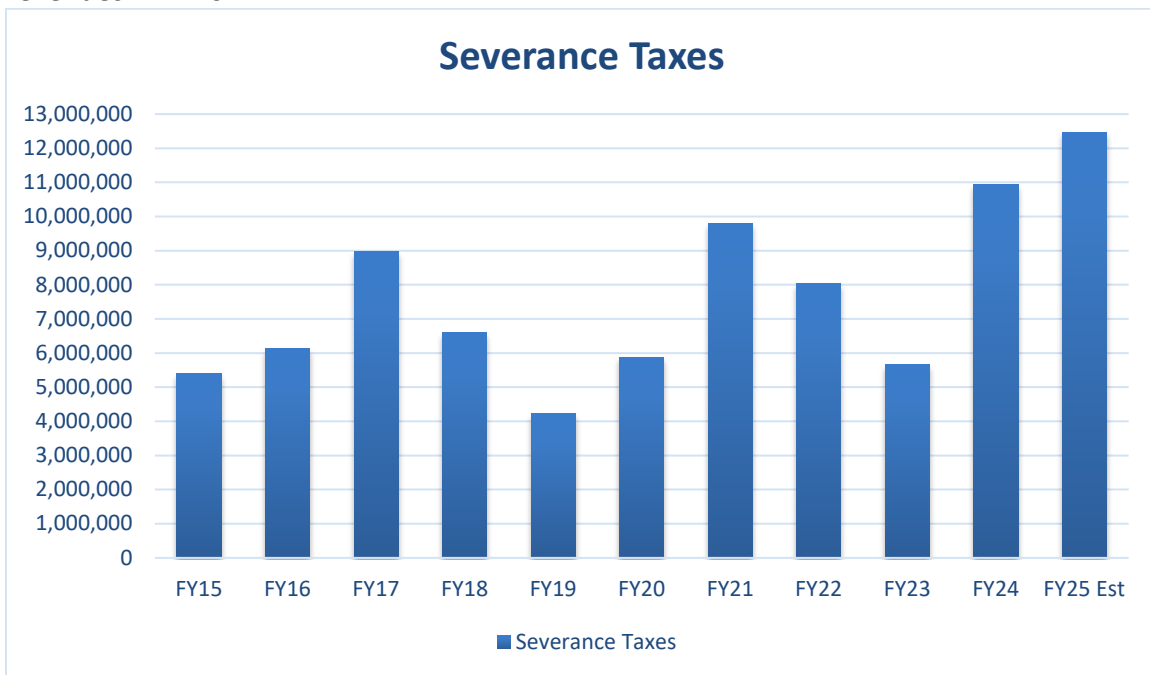
Estimate: Collections from the telecommunications tax is based on historical collections and current conditions.

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Total Receipts	2,466,873	2,116,069	2,035,659
Dollar Change	(221,585)	(350,803)	(80,410)
Percent Change	(8.24)	(14.22)	(3.80)

SEVERANCE TAXES

FY2024 Performance: Severance tax collections totaled \$10.9 million in FY2024, which was up \$5.3 million, or 93.2%, from FY2023. Collections from energy mineral severance taxes (primarily oil) totaled \$1.4 million, which was down \$0.4 million, or 21.1%, compared to FY2023. Collections from precious metal severance taxes (primarily gold) totaled \$9.5 million, which was up \$5.6 million, or 145.3%, compared to FY2023. Total FY2024 severance tax collections were \$0.7 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 FY2024.



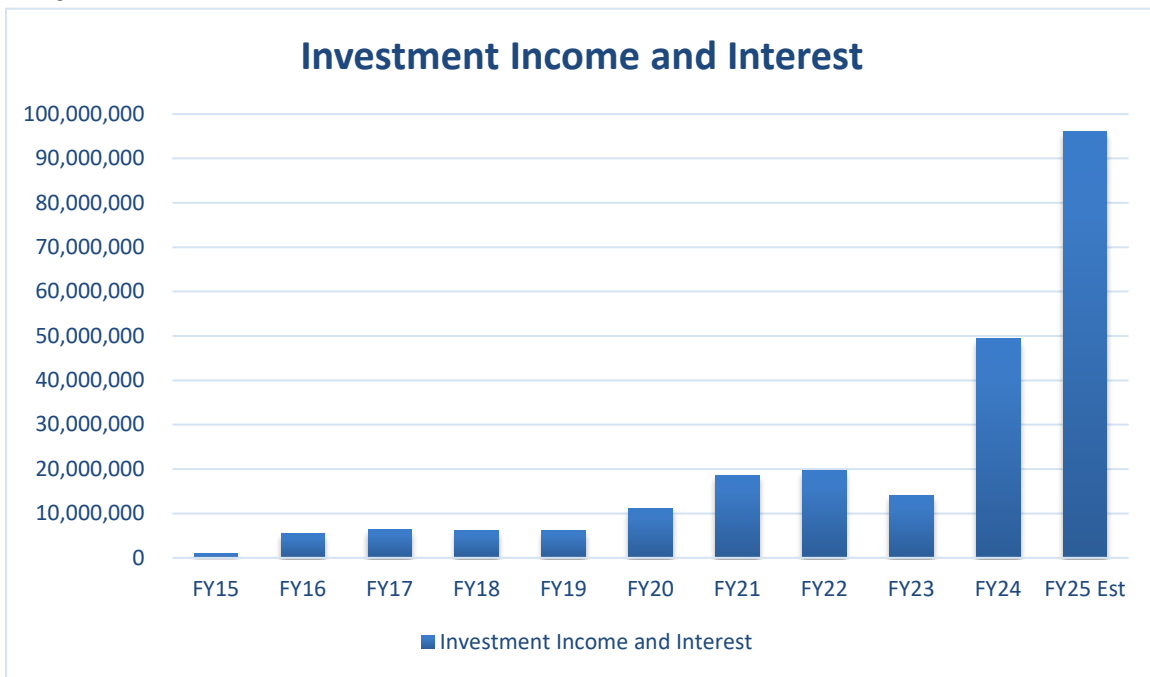
Estimate: Collections from taxes on precious metals and energy minerals are estimated separately. The estimates of collections from the severance taxes on gold and precious metals are based on history as well as gold prices. The estimates of collections from the tax on energy minerals are based on history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

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Total Receipts	5,657,605	10,932,699	12,472,862
Dollar Change	(2,376,337)	5,275,094	1,540,163
Percent Change	(29.58)	93.24	14.09

INVESTMENT INCOME AND INTEREST

FY2024 Performance: In FY2024, collections from investment income and interest totaled \$49.3 million, an increase of \$35.3 million, or 252.3%, compared to FY2023. Total FY2024 collections were \$0.1 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 2.0% of ongoing general fund revenues in FY2024.



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 4.1%. 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 FY2023	Actual FY2024	Interim Estimate FY2025
Total Receipts	14,000,549	49,318,506	96,103,154
Dollar Change	(5,648,016)	35,317,957	46,784,648
Percent Change	(28.75)	252.26	94.86

ALCOHOL BEVERAGE 2% WHOLESALE TAX

FY2024 Performance: Collections in FY2024 totaled \$3.1 million, up 4.3% from FY2023. Actual FY2024 collections from this tax were very close to the most recent legislative adopted estimate.

- Collections from this tax account for approximately 0.1% of ongoing general fund revenues in FY2024.



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

	Actual FY2023	Actual FY2024	Interim Estimate FY2025
Total Receipts	2,936,973	3,063,771	3,189,385
Dollar Change	27,262	126,797	125,614
Percent Change	0.94	4.32	4.10