



Interim FY2026 Revenue Projections

South Dakota Bureau of
Finance and Management

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MEMORANDUM

TO: Governor Larry Rhoden and Interim Joint Committee on Appropriations

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

SUBJECT: Interim FY2026 Revenue Projections

DATE: July 23, 2025

In accordance with the provisions of SDCL 4-8A-16, the following report includes actual revenue for FY2024 and FY2025 and updated revenue projections for FY2026 for the various sources of revenue that flow to the state general fund.

The updated FY2026 revenue estimates from the Bureau of Finance and Management total \$2,445,327,314 on an ongoing basis. This updated projection is \$24,496,159, or 0.99 percent, lower than the Legislative Adopted FY2026 estimate. Although the interim forecast is lower, it does not meet the threshold required for any further action per SDCL 4-8A-16.

GENERAL FUND RECEIPTS

	ACTUAL FY2024	ACTUAL FY2025	BFM INTERIM FY2026
ONGOING RECEIPTS			
Sales and Use Tax	1,441,678,770	1,432,631,137	1,491,490,722
Lottery	179,328,773	176,650,200	180,599,493
Contractor's Excise Tax	216,712,589	212,000,571	217,898,131
Insurance Company Tax	128,189,481	140,941,713	150,713,820
Unclaimed Property Receipts	133,617,777	60,253,389	61,384,827
Licenses, Permits, and Fees	75,761,844	76,648,880	76,819,074
Tobacco Taxes	43,462,155	40,280,193	41,053,407
Trust Funds	48,334,193	50,366,006	53,061,546
Net Transfers In	28,901,042	26,865,300	27,610,771
Alcohol Beverage Tax	8,969,518	8,730,061	8,924,742
Bank Franchise Tax	28,659,255	26,180,028	28,563,142
Charges for Goods and Services	14,262,896	12,795,328	12,925,980
Telecommunications Tax	2,116,069	2,237,317	2,328,252
Severance Taxes	10,932,699	14,719,152	16,742,978
Investment Income and Interest	49,318,506	96,234,677	72,118,268
Alcohol Bev 2% Wholesale Tax	3,063,771	3,015,131	3,092,161
TOTAL (ONGOING RECEIPTS)	\$2,413,309,338	\$2,380,549,081	\$2,445,327,314
ONE-TIME RECEIPTS			
Bank Franchise Tax Prior Year Revenue	1,443,391	1,414,044	0
One-Time Sales and Use Tax	12,319,527	0	0
One-Time Unclaimed Property Receipts	0	223,720,257	0
Unexpended Carryovers and Specials	14,910,359	4,935,450	0
Obligated Cash Carried Forward	96,775,123	80,735,092	169,229,772
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 125,448,400	\$ 310,804,842	\$ 169,229,772
GRAND TOTAL	<u>\$2,538,757,738</u>	<u>\$2,691,353,924</u>	<u>\$2,614,557,086</u>

ACTUAL FY2024 vs. ACTUAL FY2025 RECEIPTS

	ACTUAL FY2024	ACTUAL FY2025	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,441,678,770	1,432,631,137	(9,047,633)	(0.63)
Lottery	179,328,773	176,650,200	(2,678,573)	(1.49)
Contractor's Excise Tax	216,712,589	212,000,571	(4,712,018)	(2.17)
Insurance Company Tax	128,189,481	140,941,713	12,752,233	9.95
Unclaimed Property Receipts	133,617,777	60,253,389	(73,364,388)	(54.91)
Licenses, Permits, and Fees	75,761,844	76,648,880	887,036	1.17
Tobacco Taxes	43,462,155	40,280,193	(3,181,961)	(7.32)
Trust Funds	48,334,193	50,366,006	2,031,813	4.20
Net Transfers In	28,901,042	26,865,300	(2,035,742)	(7.04)
Alcohol Beverage Tax	8,969,518	8,730,061	(239,457)	(2.67)
Bank Franchise Tax	28,659,255	26,180,028	(2,479,228)	(8.65)
Charges for Goods and Services	14,262,896	12,795,328	(1,467,568)	(10.29)
Telecommunications Tax	2,116,069	2,237,317	121,247	5.73
Severance Taxes	10,932,699	14,719,152	3,786,453	34.63
Investment Income and Interest	49,318,506	96,234,677	46,916,171	95.13
Alcohol Bev 2% Wholesale Tax	3,063,771	3,015,131	(48,640)	(1.59)
TOTAL (ONGOING RECEIPTS)	\$ 2,413,309,338	\$ 2,380,549,081	\$ (32,760,256)	(1.36)
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	1,443,391	1,414,044	(29,347)	(2.03)
One-Time Sales and Use Tax	12,319,527	0	(12,319,527)	(100.00)
One-Time Unclaimed Property Receipts	0	223,720,257	223,720,257	N/A
Unexpended Carryovers and Specials	14,910,359	4,935,450	(9,974,909)	(66.90)
Obligated Cash Carried Forward	96,775,123	80,735,092	(16,040,031)	(16.57)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 125,448,400	\$ 310,804,842	\$ 185,356,442	147.76
GRAND TOTAL	\$ 2,538,757,738	\$ 2,691,353,924	\$ 152,596,186	6.01

LEGISLATIVE REVISED FY2025 VS. ACTUAL FY2025 RECEIPTS

	LEG REVISED FY2025	ACTUAL FY2025	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,436,351,920	1,432,631,137	(3,720,783)	(0.26)
Lottery	182,428,797	176,650,200	(5,778,597)	(3.17)
Contractor's Excise Tax	212,186,412	212,000,571	(185,841)	(0.09)
Insurance Company Tax	137,846,752	140,941,713	3,094,961	2.25
Unclaimed Property Receipts	60,253,389	60,253,389	0	0.00
Licenses, Permits, and Fees	76,510,214	76,648,880	138,666	0.18
Tobacco Taxes	41,087,770	40,280,193	(807,577)	(1.97)
Trust Funds	50,418,168	50,366,006	(52,162)	(0.10)
Net Transfers In	27,598,739	26,865,300	(733,439)	(2.66)
Alcohol Beverage Tax	8,768,081	8,730,061	(38,020)	(0.43)
Bank Franchise Tax	28,531,842	26,180,028	(2,351,814)	(8.24)
Charges for Goods and Services	13,285,458	12,795,328	(490,130)	(3.69)
Telecommunications Tax	2,139,457	2,237,317	97,860	4.57
Severance Taxes	14,593,739	14,719,152	125,413	0.86
Investment Income and Interest	96,189,309	96,234,677	45,368	0.05
Alcohol Bev 2% Wholesale Tax	3,143,653	3,015,131	(128,522)	(4.09)
TOTAL (ONGOING RECEIPTS)	\$ 2,391,333,700	\$ 2,380,549,081	\$ (10,784,619)	(0.45)
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	1,539,871	1,414,044	(125,827)	(8.17)
One-Time Unclaimed Property Receipts	176,321,347	223,720,257	47,398,910	26.88
Unexpended Carryovers and Specials	0	4,935,450	4,935,450	N/A
Obligated Cash Carried Forward	80,735,092	80,735,092	0	0.00
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 258,596,310	\$ 310,804,842	\$ 52,208,533	20.19
GRAND TOTAL	\$ 2,649,930,010	\$ 2,691,353,924	\$41,423,914	1.56

ACTUAL FY2025 RECEIPTS VS. ADOPTED FY2026 ESTIMATE

	ACTUAL FY2025	LEG ADOPTED FY2026	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,432,631,137	1,504,777,927	72,146,790	5.04
Lottery	176,650,200	184,511,493	7,861,293	4.45
Contractor's Excise Tax	212,000,571	219,181,622	7,181,051	3.39
Insurance Company Tax	140,941,713	147,217,040	6,275,327	4.45
Unclaimed Property Receipts	60,253,389	61,384,827	1,131,438	1.88
Licenses, Permits, and Fees	76,648,880	76,470,370	(178,510)	(0.23)
Tobacco Taxes	40,280,193	42,658,578	2,378,385	5.90
Trust Funds	50,366,006	53,182,944	2,816,938	5.59
Net Transfers In	26,865,300	27,664,450	799,150	2.97
Alcohol Beverage Tax	8,730,061	9,003,133	273,072	3.13
Bank Franchise Tax	26,180,028	28,041,899	1,861,871	7.11
Charges for Goods and Services	12,795,328	13,320,300	524,972	4.10
Telecommunications Tax	2,237,317	2,109,482	(127,835)	(5.71)
Severance Taxes	14,719,152	15,423,232	704,080	4.78
Investment Income and Interest	96,234,677	81,666,730	(14,567,947)	(15.14)
Alcohol Bev 2% Wholesale Tax	3,015,131	3,209,446	194,315	6.44
TOTAL (ONGOING RECEIPTS)	<u>\$ 2,380,549,081</u>	<u>\$ 2,469,823,473</u>	<u>\$ 89,274,392</u>	<u>3.75</u>
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	1,414,044	0	(1,414,044)	(100.00)
One-Time Unclaimed Property Receipts	223,720,257	0	(223,720,257)	(100.00)
Unexpended Carryovers and Specials	4,935,450	0	(4,935,450)	(100.00)
Obligated Cash Carried Forward	80,735,092	0	(80,735,092)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ 310,804,842</u>	<u>\$ 0</u>	<u>\$ (310,804,842)</u>	<u>(100.00)</u>
GRAND TOTAL	<u><u>\$ 2,691,353,924</u></u>	<u><u>\$ 2,469,823,473</u></u>	<u><u>\$ (221,530,451)</u></u>	<u><u>(8.23)</u></u>

ACTUAL FY2025 RECEIPTS VS. INTERIM FY2026 FORECAST

	ACTUAL FY2025	BFM INTERIM FY2026	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,432,631,137	1,491,490,722	58,859,585	4.11
Lottery	176,650,200	180,599,493	3,949,293	2.24
Contractor's Excise Tax	212,000,571	217,898,131	5,897,560	2.78
Insurance Company Tax	140,941,713	150,713,820	9,772,107	6.93
Unclaimed Property Receipts	60,253,389	61,384,827	1,131,438	1.88
Licenses, Permits, and Fees	76,648,880	76,819,074	170,194	0.22
Tobacco Taxes	40,280,193	41,053,407	773,214	1.92
Trust Funds	50,366,006	53,061,546	2,695,540	5.35
Net Transfers In	26,865,300	27,610,771	745,471	2.77
Alcohol Beverage Tax	8,730,061	8,924,742	194,681	2.23
Bank Franchise Tax	26,180,028	28,563,142	2,383,114	9.10
Charges for Goods and Services	12,795,328	12,925,980	130,652	1.02
Telecommunications Tax	2,237,317	2,328,252	90,935	4.06
Severance Taxes	14,719,152	16,742,978	2,023,826	13.75
Investment Income and Interest	96,234,677	72,118,268	(24,116,409)	(25.06)
Alcohol Bev 2% Wholesale Tax	3,015,131	3,092,161	77,030	2.55
TOTAL (ONGOING RECEIPTS)	\$ 2,380,549,081	\$ 2,445,327,314	\$ 64,778,233	2.72
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	1,414,044	0	(1,414,044)	(100.00)
One-Time Unclaimed Property Receipts	223,720,257	0	(223,720,257)	(100.00)
Unexpended Carryovers and Specials	4,935,450	0	(4,935,450)	(100.00)
Obligated Cash Carried Forward	80,735,092	169,229,772	88,494,681	109.61
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 310,804,842	\$ 169,229,772	\$ (141,575,070)	(45.55)
GRAND TOTAL	\$ 2,691,353,924	\$ 2,614,557,086	\$ (76,796,838)	(2.85)

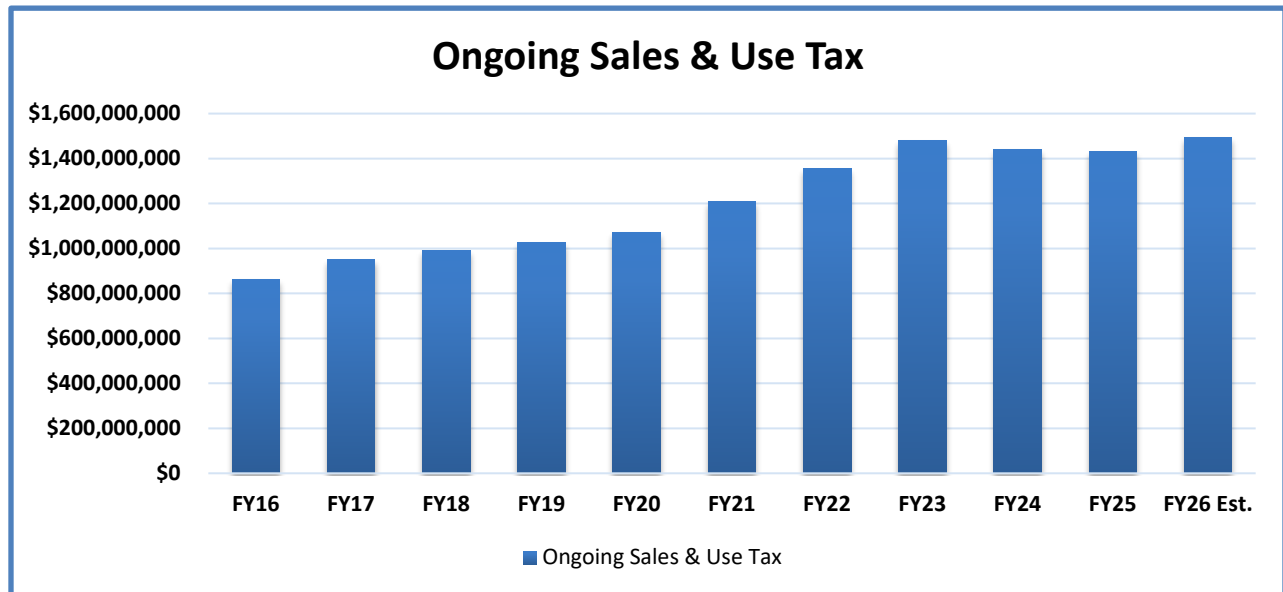
ADOPTED FY2026 ESTIMATE VS. INTERIM FY2026 FORECAST

	LEG ADOPTED FY2026	BFM INTERIM FY2026	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,504,777,927	1,491,490,722	(13,287,205)	(0.88)
Lottery	184,511,493	180,599,493	(3,912,000)	(2.12)
Contractor's Excise Tax	219,181,622	217,898,131	(1,283,491)	(0.59)
Insurance Company Tax	147,217,040	150,713,820	3,496,780	2.38
Unclaimed Property Receipts	61,384,827	61,384,827	0	0.00
Licenses, Permits, and Fees	76,470,370	76,819,074	348,704	0.46
Tobacco Taxes	42,658,578	41,053,407	(1,605,171)	(3.76)
Trust Funds	53,182,944	53,061,546	(121,398)	(0.23)
Net Transfers In	27,664,450	27,610,771	(53,679)	(0.19)
Alcohol Beverage Tax	9,003,133	8,924,742	(78,391)	(0.87)
Bank Franchise Tax	28,041,899	28,563,142	521,243	1.86
Charges for Goods and Services	13,320,300	12,925,980	(394,320)	(2.96)
Telecommunications Tax	2,109,482	2,328,252	218,770	10.37
Severance Taxes	15,423,232	16,742,978	1,319,746	8.56
Investment Income and Interest	81,666,730	72,118,268	(9,548,462)	(11.69)
Alcohol Bev 2% Wholesale Tax	3,209,446	3,092,161	(117,285)	(3.65)
TOTAL (ONGOING RECEIPTS)	\$ 2,469,823,473	\$ 2,445,327,314	\$ (24,496,159)	(0.99)
ONE-TIME RECEIPTS				
Obligated Cash Carried Forward	0	169,229,772	169,229,772	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 0	\$ 169,229,772	\$ 169,229,772	N/A
GRAND TOTAL	\$ 2,469,823,473	\$ 2,614,557,086	\$ 144,733,613	5.86

SALES AND USE TAX

FY2025 Performance: In FY2025, ongoing sales and use tax collections were \$1,432.6 million, which was a decrease of 0.6% or \$9.0 million from FY2024. Actual ongoing FY2025 collections were \$3.7 million less than the most recent revised legislative adopted estimate.

- The average annual increase in collections between FY2016 and FY2025 was 6.0%.
- Net collections from the sales and use tax account for approximately 60.2% of ongoing general fund revenues in FY2025.



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

Basic steps to follow when reading a regression equation are:

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

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

STCDS = -688.60 + 0.06 * (SD Nonfarm Income) + 233.29 * (Seasonal Indicator Variable) + 13.75 * (SD Leisure and Hospitality Employment) + 21.14 * (SD Housing Starts) + 292.49 * (Consumer Price Index excluding Food and Energy).

R² = .9956

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

STBUSCND = -1788.34 + 18.52 * (SD Consumer Price Index) + 0.04 * (SD Nonfarm Income) + 372.57 * (Seasonal Indicator Variable) + 1199.43 * (Stimulus Indicator Variable).

R² = .9878

Equation 3: Construction Related Purchases (STCON)

STCON = -1088.47 + 721.90 * (Consumer Price Index) + 161.02 * (Seasonal Indicator Variable) + 49.16 * (SD Housing Starts) + 0.01 * (SD Wage and Salary Disbursements) + 0.03 * (Farm Proprietors Income (lagged)).

R² = .9637

Equation 4: Recreation Related Purchases (STREC)

STREC = -315.76 + 161.81 * (Seasonal Indicator Variable) + 11.35 * (SD Leisure and Hospitality Employment) + 0.02 * (SD Disposable Income) – 0.86 * (Oil Price) – 217.58 * (COVID Indicator Variable).

R² = .9897

Equation 5: Utilities (STUTI)

STUTI = -274.98 + 4.35 * (Consumer Spending on Electricity and Natural Gas) + 0.01 * (SD Nonfarm Income) + 61.27 * (Consumer Price Index for Energy) -303.12 * (Indicator Variable).

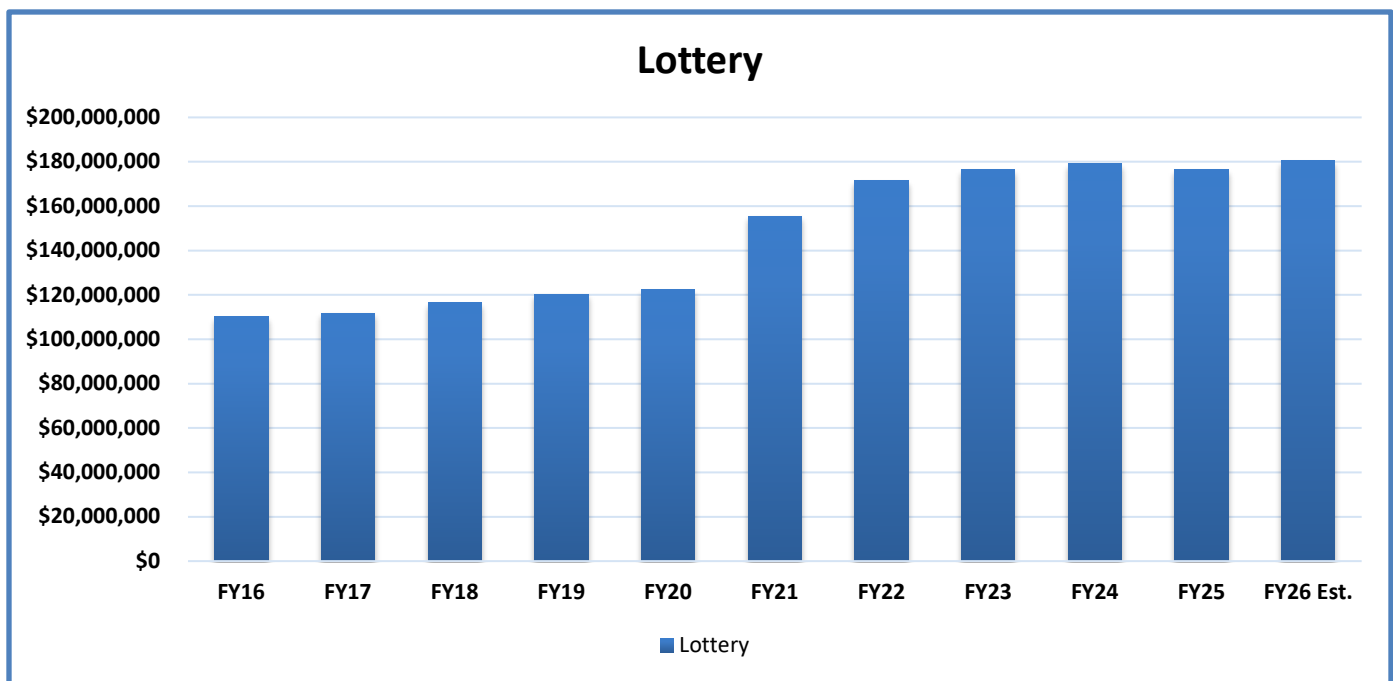
R² = .9618

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Ongoing SUT	1,441,678,770	1,432,631,137	1,491,490,722
Dollar Change	(38,894,080)	(9,047,633)	58,859,585
Percent Change	(2.63)%	(0.63)%	4.11%
One-time SUT	12,319,527	0	0
Total SUT	1,453,998,297	1,432,631,137	1,491,490,722
Dollar Change	(26,574,553)	(21,367,160)	58,859,585
Percent Change	(1.79)%	(1.47)%	4.11%

LOTTERY

FY2025 Performance: Receipts to the general fund from the lottery category totaled \$176.7 million in FY2025. Video lottery receipts totaled \$164.9 million, which was an increase of \$0.8 million or 0.5% over FY2024. Receipts from on-line and instant tickets totaled \$11.8 million, which was down \$3.5 million, or 23.0%, compared to FY2024.

- 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 FY2025.



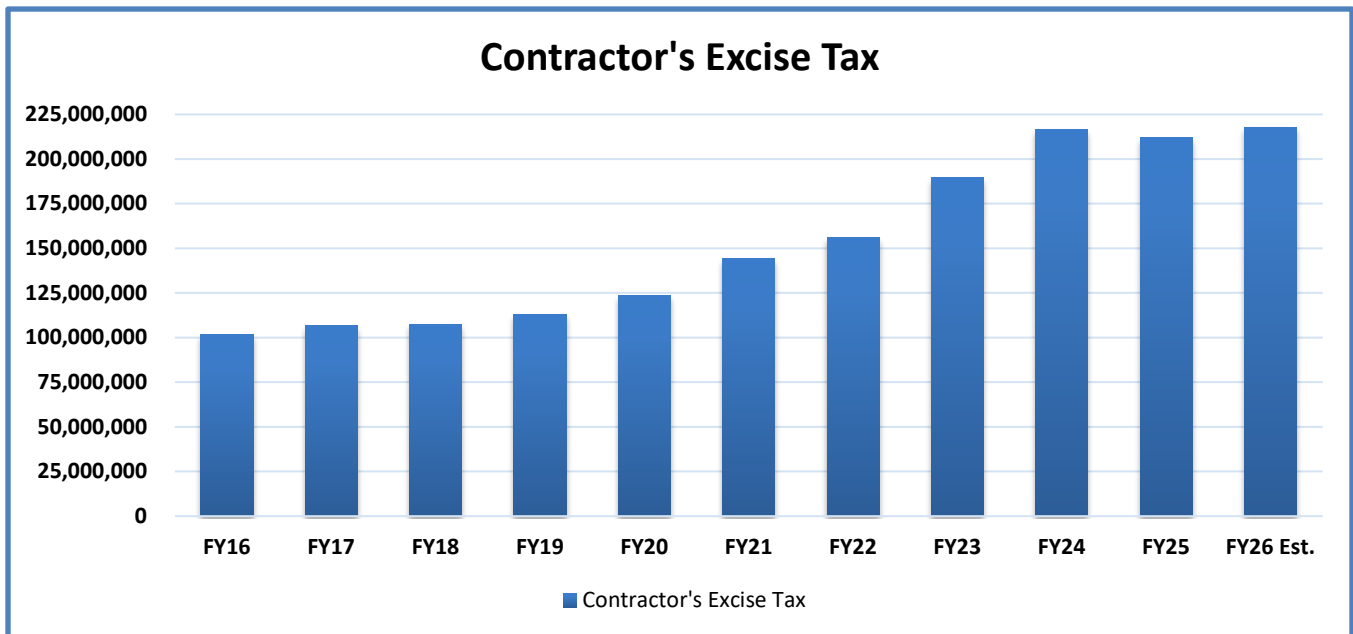
Estimate: The estimates are based on historical collections, current conditions and information provided by the South Dakota Lottery.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Instant/Online Lottery	15,305,223	11,790,952	12,855,208
Video Lottery	164,023,550	164,859,248	167,744,285
Total Receipts	179,328,773	176,650,200	180,599,493
Dollar Change	2,665,006	(2,678,573)	3,949,293
Percent Change	1.51%	1.49%	2.24%

CONTRACTOR'S EXCISE TAX

FY2025 Performance: In FY2025, net contractor's excise tax collections were \$212 million, which was a decrease of 2.17%, or \$4.7 million, from FY2024. Actual FY2025 collections were \$0.2 million lower than the most recent revised legislative adopted estimate.

- The average annual increase in net contractor's excise tax collections between FY2016 and FY2025 was 8.8%.
- Net collections from the contractor's excise tax account for approximately 8.9% 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.)

Equation:

Contractor's Excise Tax Collections = $-21.17 + 12.38 * (\text{Seasonal Indicator Variable}) + 0.01 * (\text{SD Nonfarm Income}) - 4.08 * (\text{SD Unemployment Rate}) + 0.25 * (\text{SD Consumer Price Index}) + 19.67 * (\text{Stimulus Indicator Variable} * \text{Seasonal Indicator Variable})$.

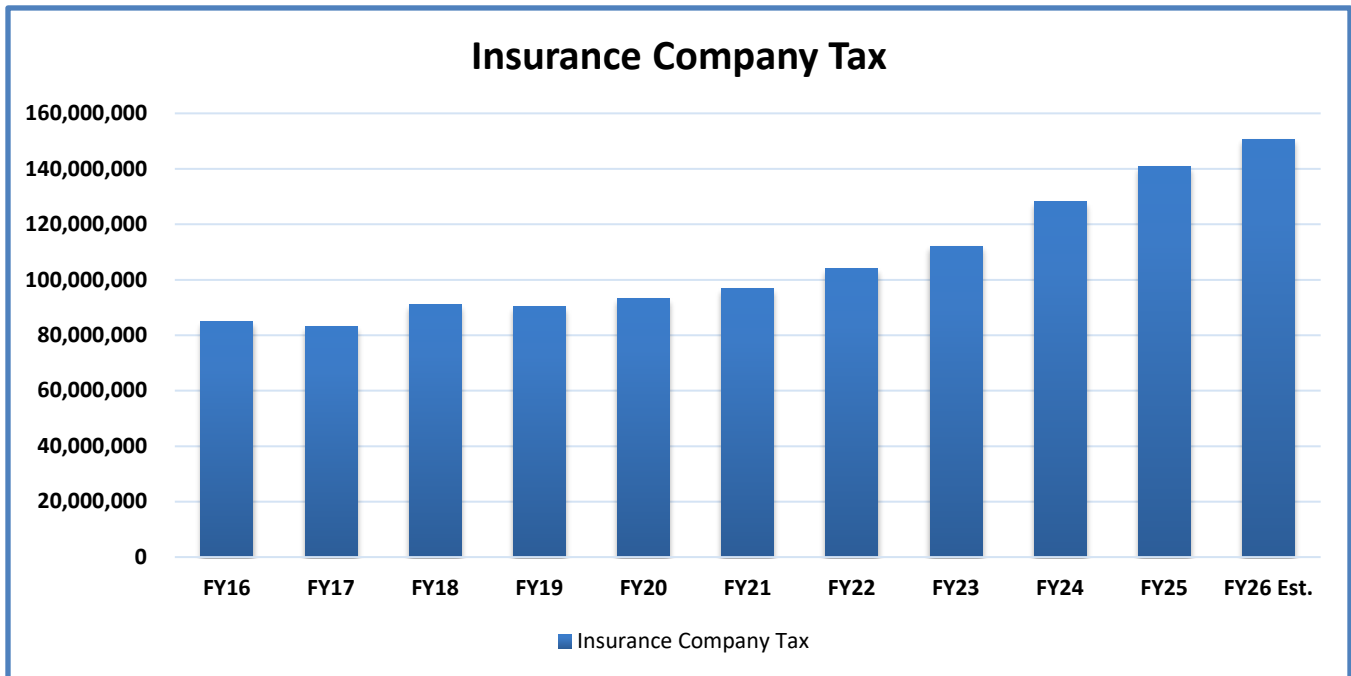
$R^2 = .9739$

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Total Net Receipts	216,712,589	212,000,571	217,898,131
Dollar Change	27,305,004	(4,712,018)	5,897,560
Percent Change	14.42%	(2.17)%	2.78%

INSURANCE COMPANY TAX

FY2025 Performance: In FY2025, insurance company tax collections totaled \$140.9 million, which was up 9.9%, or \$12.8 million, from FY2024. Actual FY2025 collections were \$3.1 million higher than the most recent legislative adopted estimates.

- The average annual increase between FY2016 and FY2025 was 5.9%.
- Collections from this tax account for approximately 5.9% of ongoing general fund revenues in FY2025.



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.)

Equation:

Insurance Company Tax Collections = 5.53 – 5.51 * (Seasonal Indicator Variable) + 0.01 * (SD Nonfarm Income) + 0.01 * (Consumer Spending on Insurance) + 0.32 * (Affordable Care Act Indicator Variable).

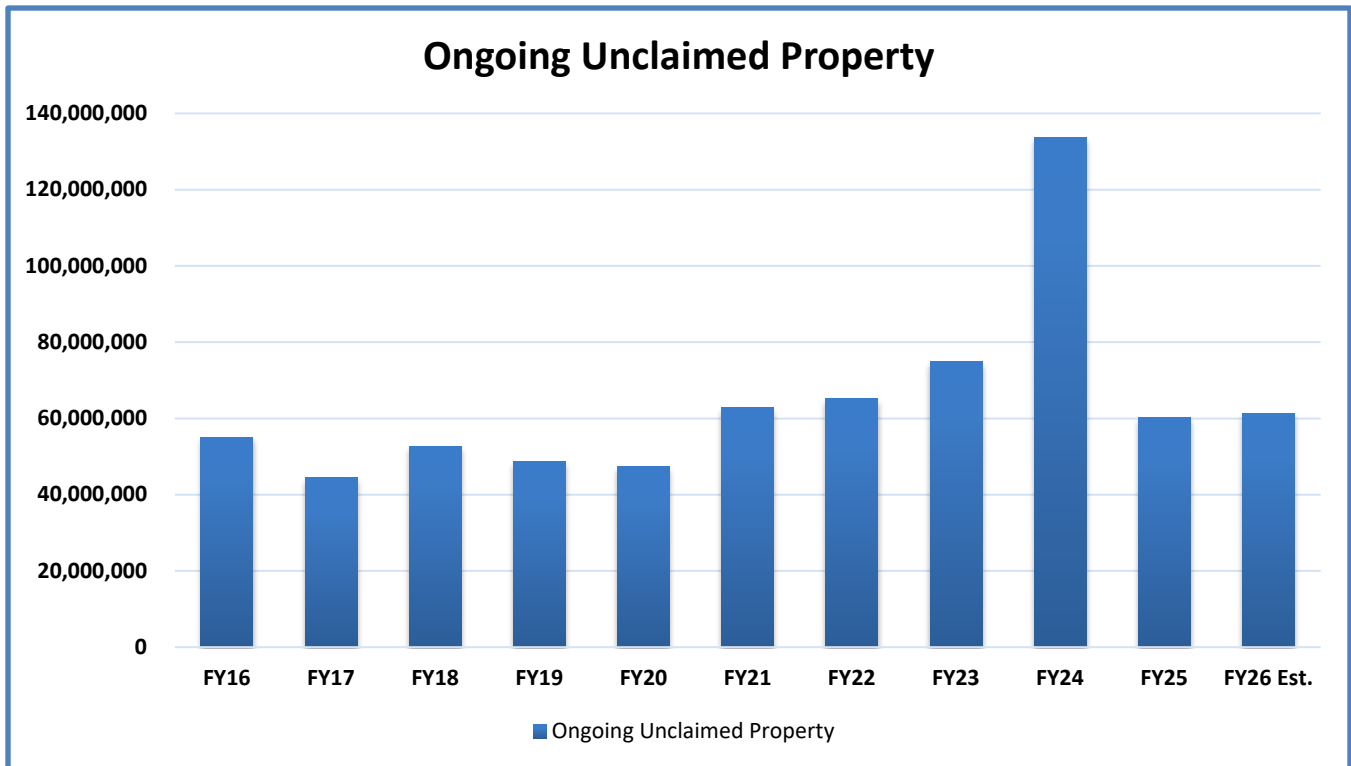
$R^2 = .9528$

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Receipts	128,189,481	140,941,713	150,713,820
Dollar Change	16,048,187	12,752,233	9,772,107
Percent Change	14.31%	9.95%	6.93%

UNCLAIMED PROPERTY RECEIPTS

FY2025 Performance: In FY2025, unclaimed property receipts (UCP) to the general fund totaled \$284.0 million, which was an increase of \$150.4 million, or 112.5%. Of the total receipts, \$60.3 million is considered ongoing and \$223.7 million is considered one-time.

- Collections from unclaimed property receipts account for approximately 2.5% of ongoing general fund revenues in FY2025.
- The chart below shows the ongoing portion of unclaimed property.



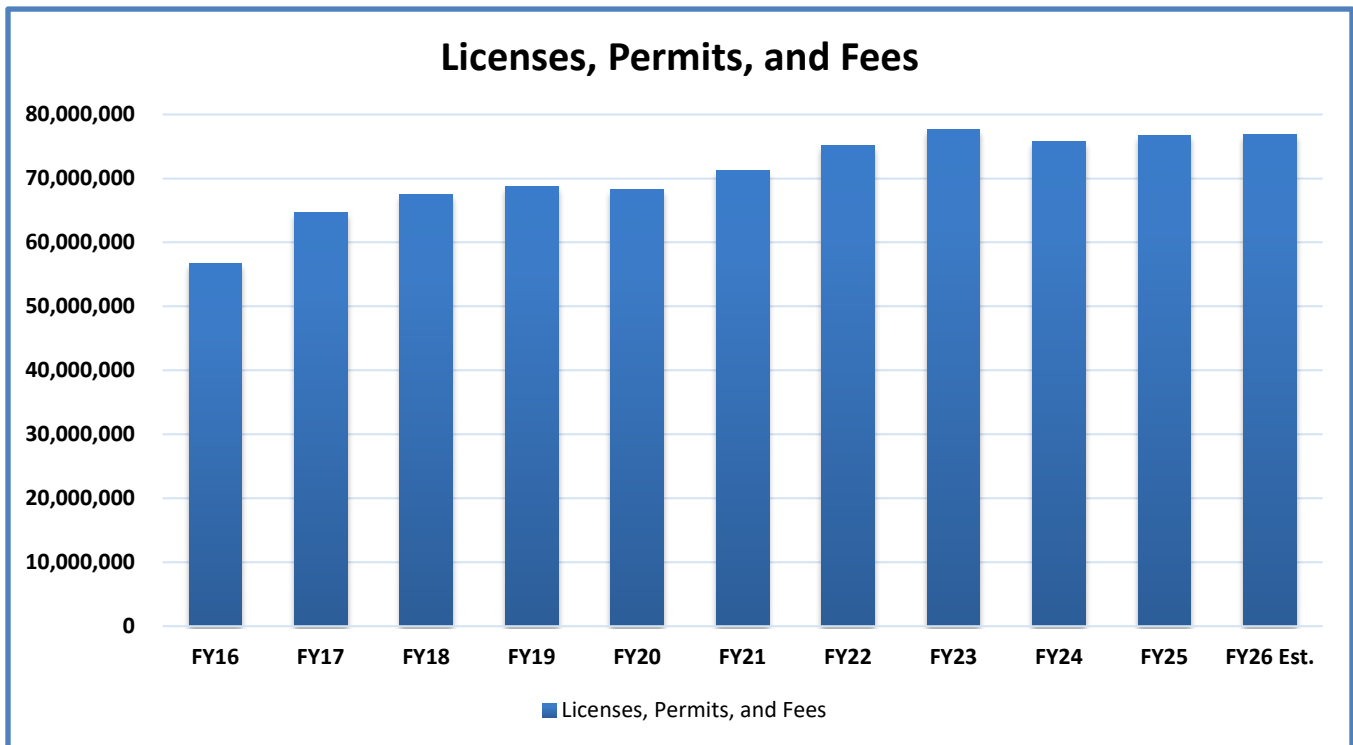
Estimate: The projections for unclaimed property receipts are based on historical collections and current conditions.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Ongoing UCP	133,617,777	60,253,389	61,384,827
Dollar Change	58,636,564	(73,364,388)	1,131,438
Percent Change	78.20%	(54.91)%	1.88%
One-time UCP	0	223,720,257	0
Total UCP	133,617,777	283,973,646	61,384,827
Dollar Change	48,081,738	150,355,869	(222,588,819)
Percent Change	56.21%	112.53%	(78.38)%

LICENSES, PERMITS, AND FEES

FY2025 Performance: In FY2025, collections from licenses, permits, and fees totaled \$76.6 million, which was up 1.2%, or \$0.9 million, from FY2024. Actual FY2025 collections were \$0.1 million higher than the most recent legislative adopted estimates.

- Collections in this category account for approximately 3.2% of ongoing general fund revenues in FY2025.



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

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Receipts	75,761,844	76,648,880	76,819,074
Dollar Change	(1,874,650)	887,036	170,194
Percent Change	(2.41)%	1.17%	0.22%

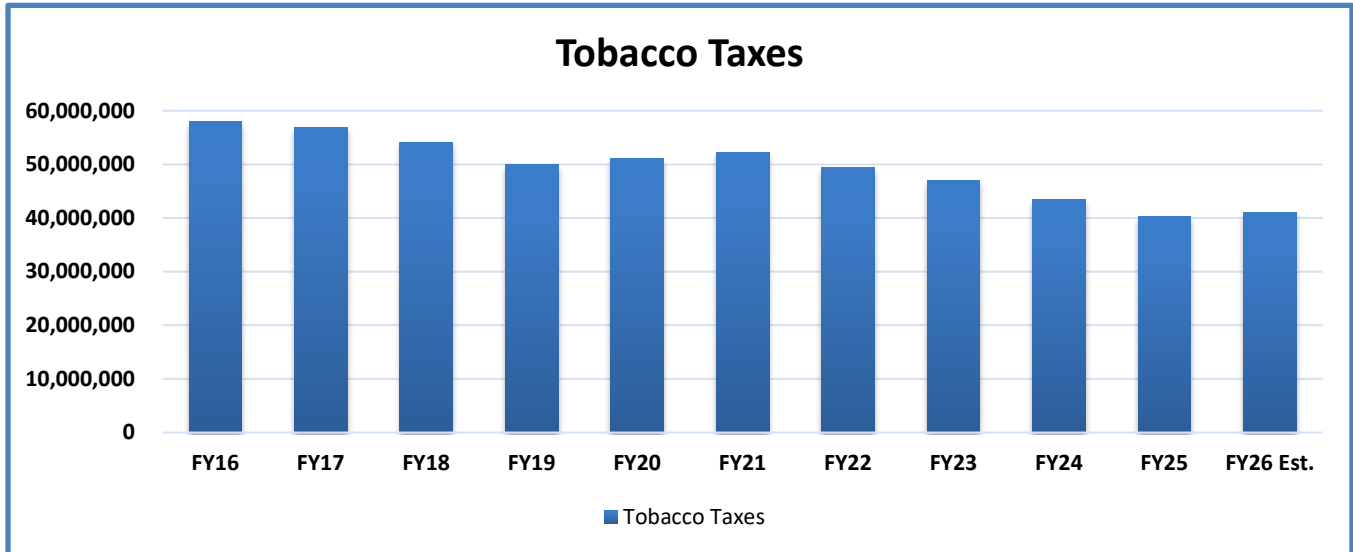
TOBACCO TAXES

FY2025 Performance: In FY2025, the total collections from the tobacco taxes were \$45.3 million of which \$40.3 million was deposited into the general fund and \$5.0 million was dedicated to tobacco prevention. In FY2025, cigarette taxes totaled \$33.1 million, which was a decrease of \$3.5 million, or 9.7%, compared to FY2024. Other tobacco taxes totaled \$12.2 million, which was an increase of \$0.4 million, or 3.1%, over FY2024.

- Approximately 73% of the collections included in this category are from the tax on cigarettes, and the remaining 27% is collected based on the tax on the wholesale purchase price of other tobacco products.
- Collections in this category account for approximately 1.7% of ongoing general fund receipts in FY2025.
- The total estimates and breakdown of where the dollars go are included in the following table.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
General Fund	30,000,000	30,000,000	30,000,000
TPRTF	5,000,000	5,000,000	2,000,000
Remainder to GF	13,462,155	10,280,193	11,053,407
Total	48,462,155	45,280,193	43,053,407

- 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 \$41.1 million in FY2025.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Total Receipts	43,462,155	40,280,193	41,053,407
Dollar Change	(3,612,494)	(3,181,961)	773,214
Percent Change	(7.67)%	(7.32)%	1.92%

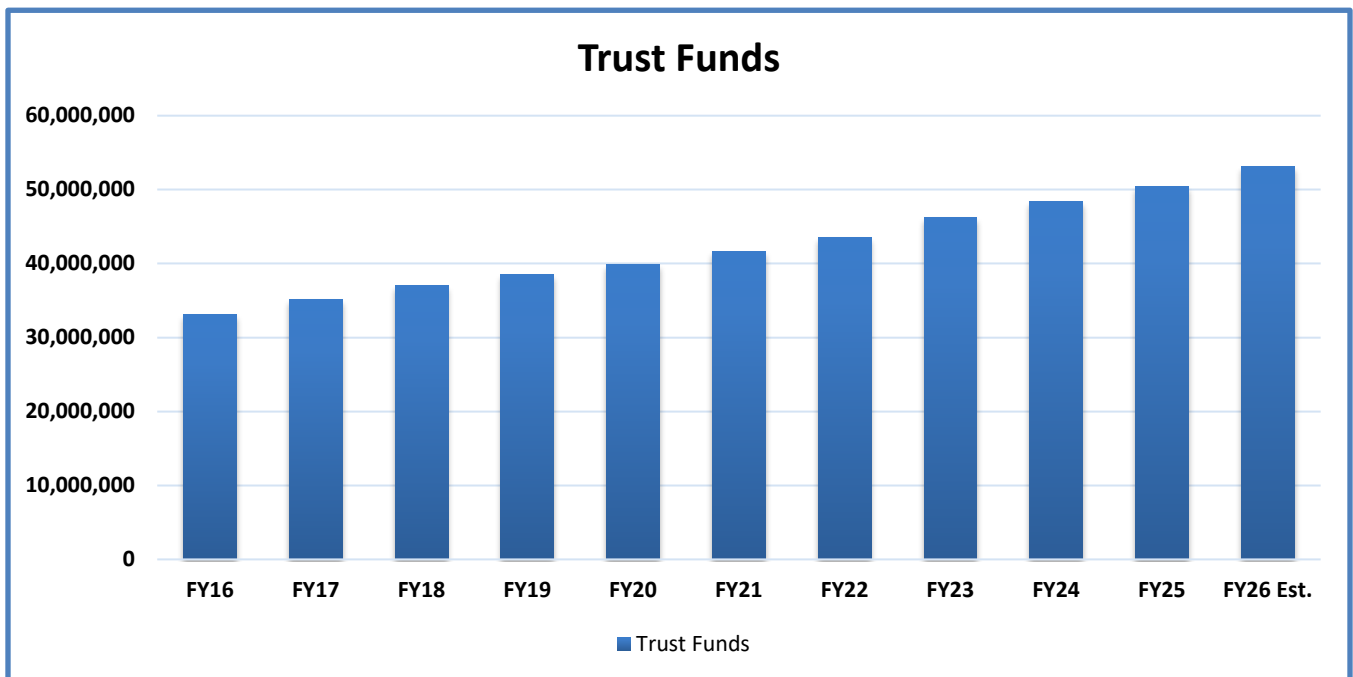
TRUST FUNDS

FY2025 Performance: Transfers from the trust funds to the general fund in FY2025 totaled \$50.4 million, which was an increase of 4.2%, or \$2.0 million, from FY2024.

- The table below shows the amounts transferred from each of the trust funds to the general fund in FY2024 and FY2025, and the estimated amounts for FY2026.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
HCTF	7,276,454	7,925,672	8,655,091
EETF	26,389,450	27,383,330	28,652,310
DCTF	14,668,289	15,057,005	15,754,144
Total	48,334,193	50,366,006	53,061,546

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



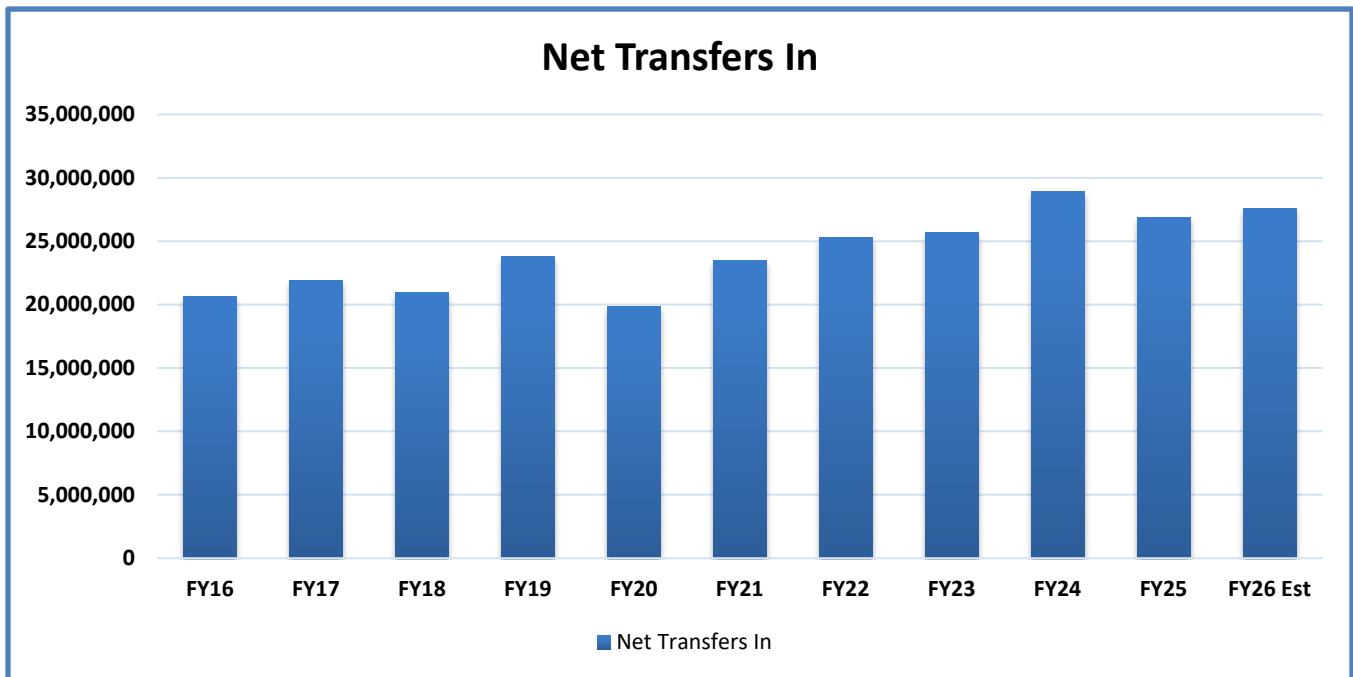
Estimate: The estimate for FY2026 includes the constitutionally required transfer from the Dakota Cement Trust and the amounts to be transferred from the Health Care Trust Fund and Education Enhancement Trust Fund pursuant to SDCL 4-5-29.1 and SDCL 4-5-29.2.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Total Receipts	48,334,193	50,366,006	53,061,546
Dollar Change	2,074,736	2,031,813	2,695,540
Percent Change	4.48%	4.20%	5.35%

NET TRANSFERS IN

FY2025 Performance: In FY2025, collections from ongoing net transfers in (NTI) totaled \$26.9 million, which was a decrease of 7.0%, or \$2.0 million, from FY2024. Actual collections in FY2025 were \$0.7 million lower than the most recent legislative adopted estimate.

- Receipts included in this category account for approximately 1.1% of ongoing general fund revenues in FY2025.



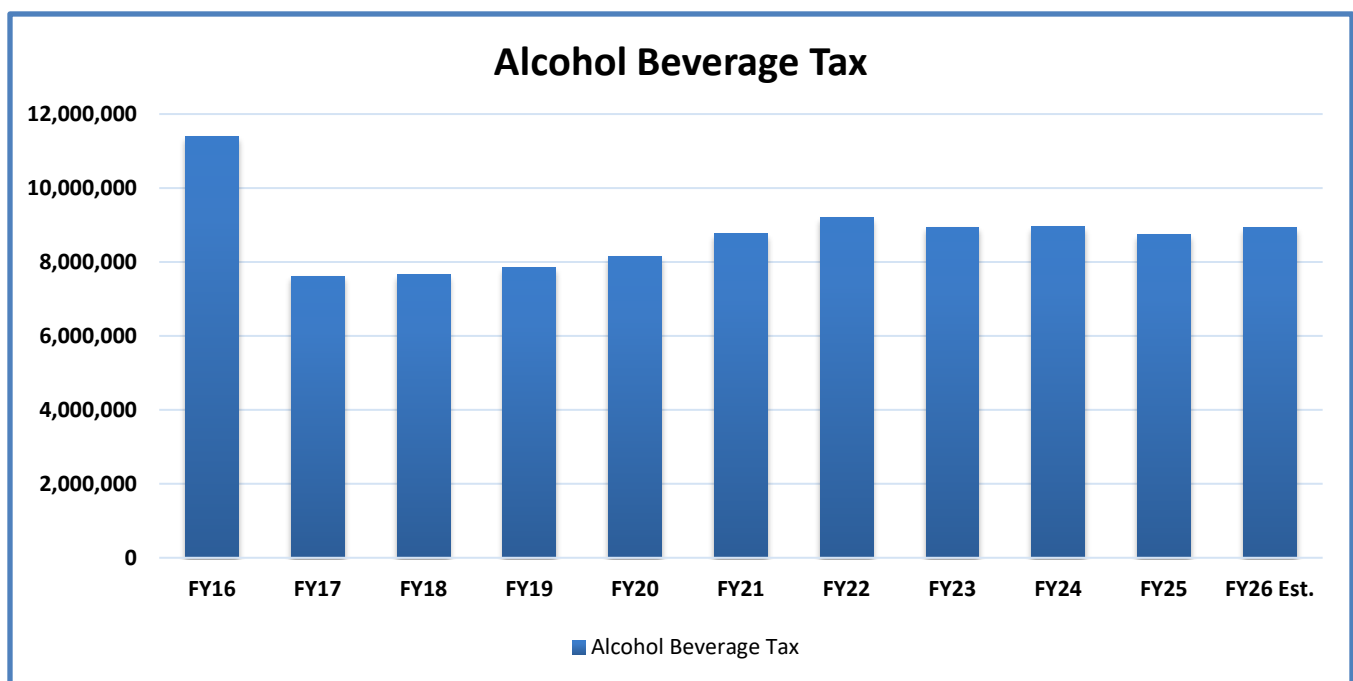
Estimate: The different sources of receipts included in this category are broken out and estimated individually based on historical collections and current conditions.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Ongoing NTI	28,901,042	26,865,300	27,610,771
Dollar Change	3,248,508	(2,035,742)	745,471
Percent Change	12.66%	(7.04)%	2.77%

ALCOHOL BEVERAGE TAX

FY2025 Performance: Alcohol beverage tax collections to the general fund in FY2025 totaled \$8.7 million, down 2.67%, or \$0.2 million, compared to FY2024. Actual FY2025 collections were down 0.4% from the most recent legislative adopted estimate.

- Prior to FY2017, the state received 75% of the tax collected, and 25% of the collections went to the municipalities.
- Beginning in FY2017 per the passage of SB 2, the state receives 50% of the tax collected with 25% going to the municipalities and 25% going to the counties.
- Collections from this tax account for approximately 0.4% of ongoing general fund revenues in FY2025.



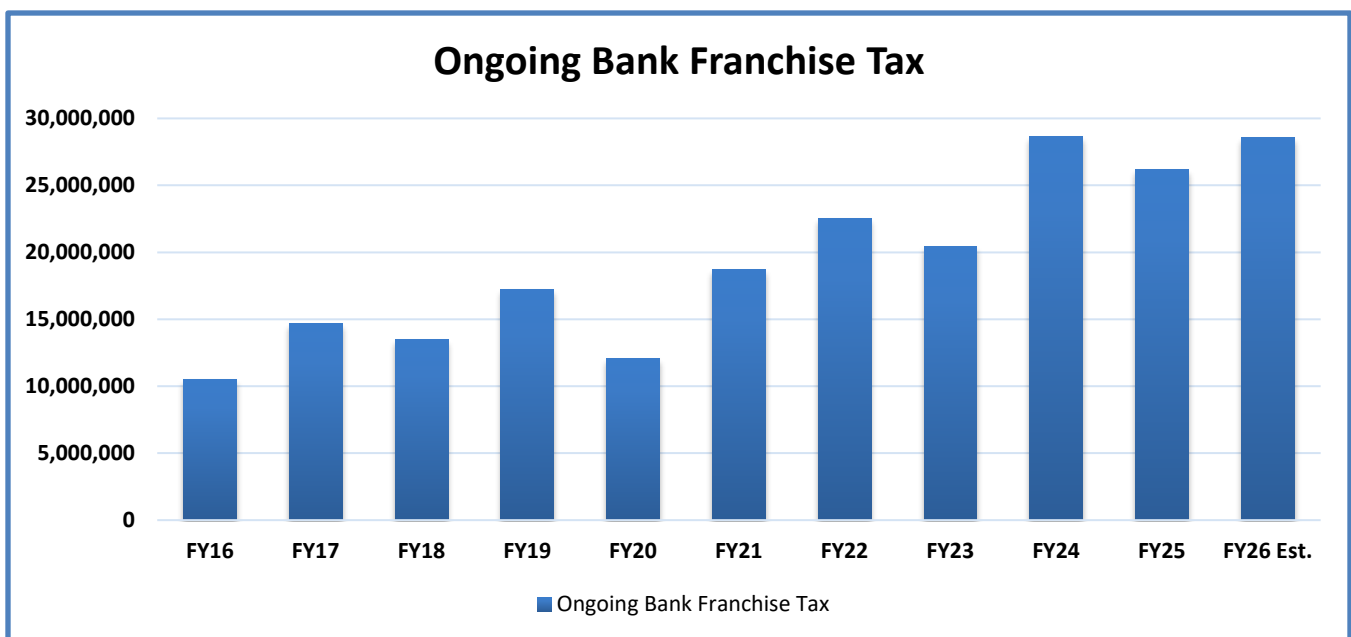
Estimate: The estimates are based on historical collections and current conditions.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Total Receipts	8,969,518	8,730,061	8,924,742
Dollar Change	29,786	(239,457)	194,681
Percent Change	0.33%	(2.67)%	2.23%

BANK FRANCHISE TAX

FY2025 Performance: In FY2025, ongoing bank franchise tax (BFT) collections totaled \$26.2 million, which was a decrease of \$2.5 million, or 8.7%, compared to FY2024. Ongoing FY2025 bank tax collections were \$2.4 million lower than the most recent legislative adopted estimate. One-time bank franchise tax collections in FY2025 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 1.1% of ongoing general fund revenues in FY2025.



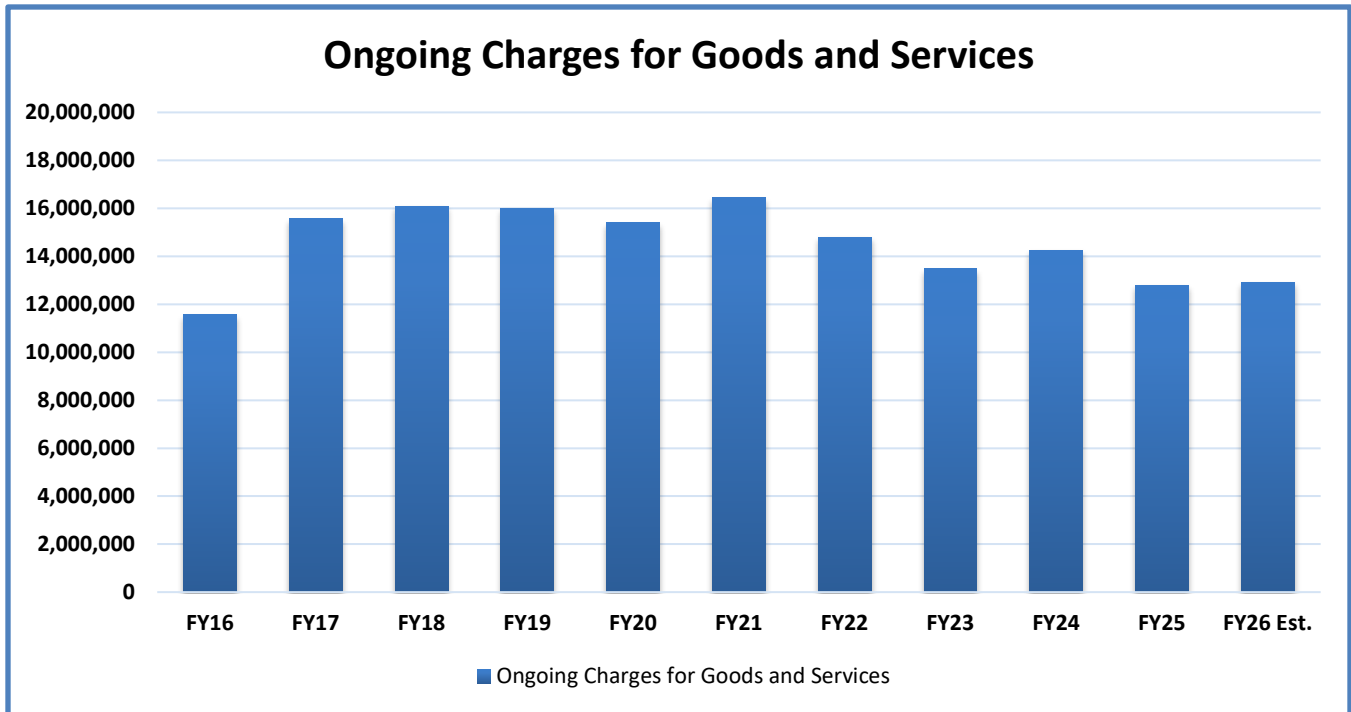
Estimate: Collections received from bank card taxpayers and other banks are estimated individually. The estimate is based on historical collections and current conditions.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Ongoing BFT	28,659,255	26,180,028	28,563,142
Dollar Change	8,234,173	(2,479,228)	2,383,114
Percent Change	40.31%	(8.65)%	9.10%
One-Time BFT	1,443,391	1,414,044	0
Total BFT	30,102,647	27,594,072	28,563,142
Dollar Change	8,978,392	(2,508,575)	969,070
Percent Change	42.50%	(8.33)%	3.51%

CHARGES FOR GOODS AND SERVICES

FY2025 Performance: In FY2025, the charges for goods and services totaled \$12.8 million, a decrease of \$1.5 million, or 10.3%, compared to FY2024 collections. Actual FY2025 collections were \$0.5 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 0.5% of ongoing general fund revenues in FY2025.



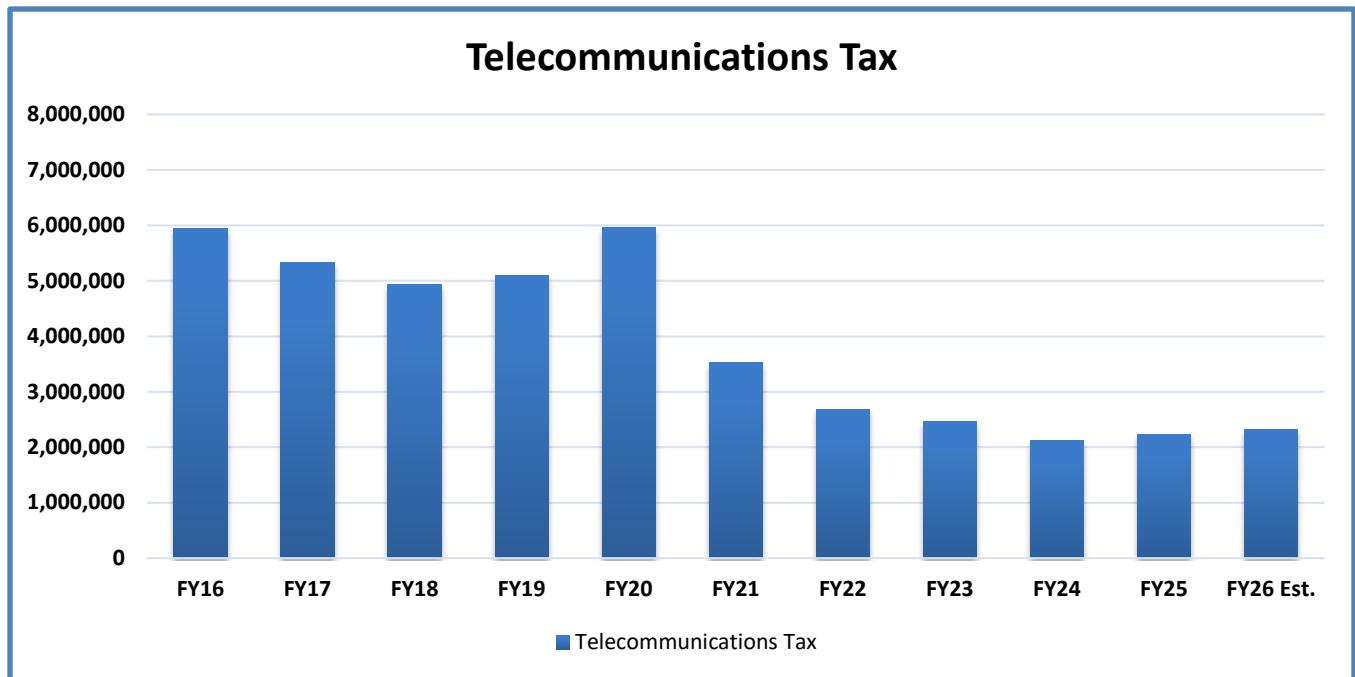
Estimate: The different sources of receipts included in this category are broken out and estimated individually based on historical collections and current conditions.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Ongoing CGS	14,262,896	12,795,328	12,925,980
Dollar Change	789,491	(1,467,568)	130,652
Percent Change	5.86%	(10.29)%	1.02%

TELECOMMUNICATIONS TAX

FY2025 Performance: In FY2025, the telecommunications tax totaled \$2.2 million, an increase of \$0.1 million, or 5.7%, compared to FY2024 collections. Actual FY2025 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.



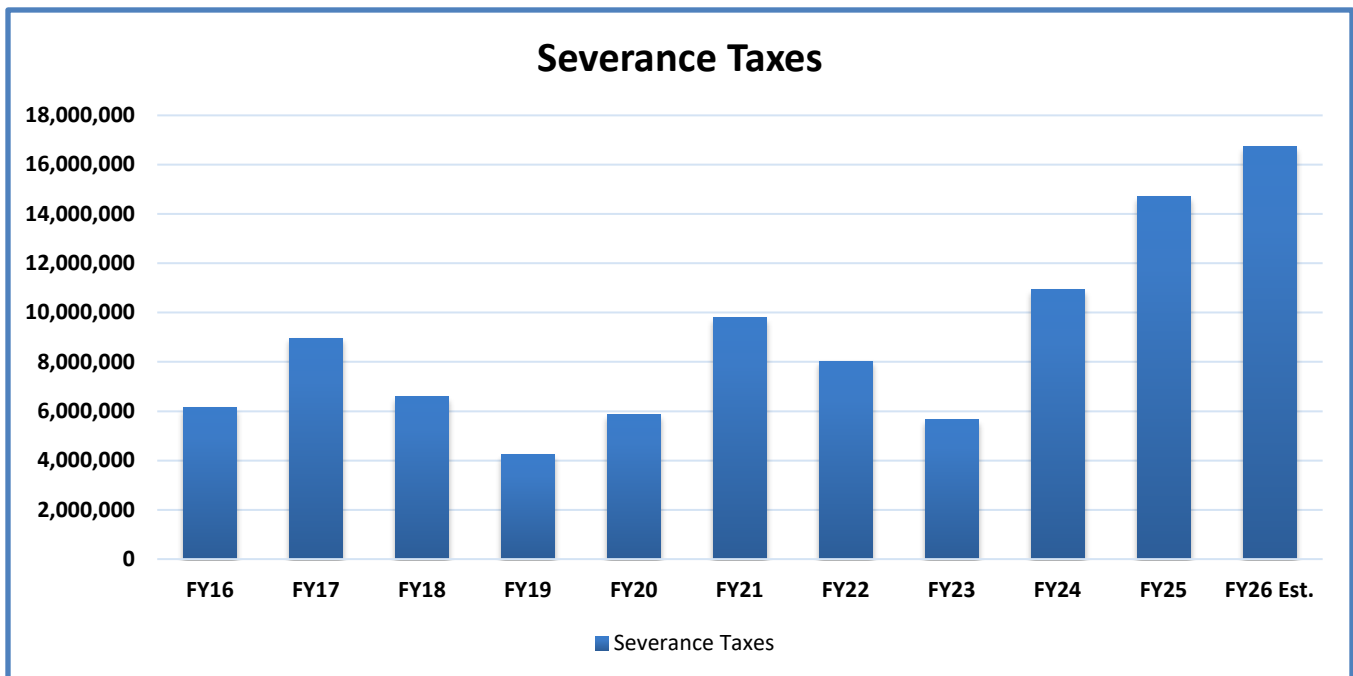
Estimate: Collections from the telecommunications tax is based on historical collections and current conditions.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Total Receipts	2,116,069	2,237,317	2,328,252
Dollar Change	(350,803)	121,247	90,935
Percent Change	(14.22)%	5.73%	4.06%

SEVERANCE TAXES

FY2025 Performance: Severance tax collections totaled \$14.7 million in FY2025, which was up \$3.8 million, or 34.6%, from FY2024. Collections from energy mineral severance taxes (primarily oil) totaled \$1.3 million, which was down \$0.1 million, or 10.1%, compared to FY2024. Collections from precious metal severance taxes (primarily gold) totaled \$13.5 million, which was up \$3.9 million, or 41.2%, compared to FY2024. Total FY2025 severance tax collections were \$0.1 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 0.6% of ongoing general fund revenues in FY2025.



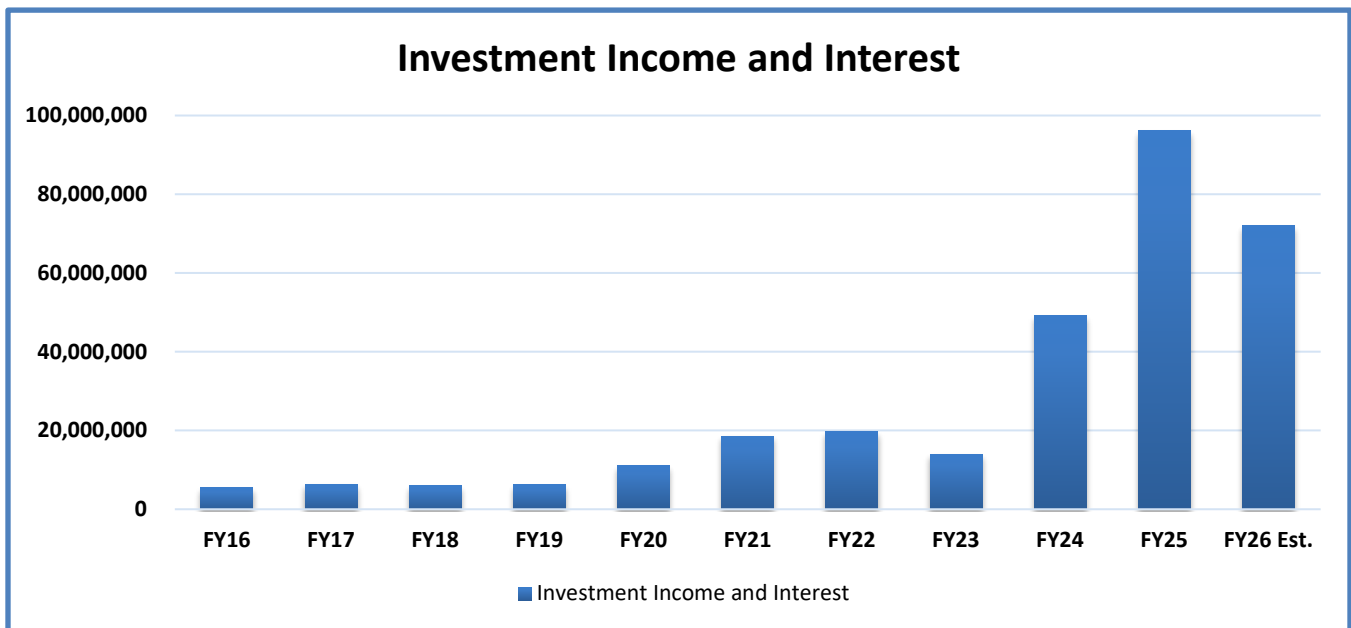
Estimate: Collections from taxes on precious metals and energy minerals are estimated separately. The estimates of collections from the severance taxes on gold and precious metals are based on history as well as gold prices. The estimates of collections from the tax on energy minerals are based on history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

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Total Receipts	10,932,699	14,719,152	16,742,978
Dollar Change	5,275,094	3,786,453	2,023,826
Percent Change	93.24%	34.63%	13.75%

INVESTMENT INCOME AND INTEREST

FY2025 Performance: In FY2025, collections from investment income and interest totaled \$96.2 million, an increase of \$46.9 million, or 95.1%, compared to FY2024. Total FY2025 collections were within \$0.1 million of the most recent legislative adopted estimate.

- Revenues included in this category are from interest and the investment earnings of the general fund and nonparticipating funds in the cash flow fund. Nonparticipating means the earnings attributable to the company are deposited in the general fund. The South Dakota Investment Council is responsible for investing the money in the cash flow fund.
- This category also includes some interest and rent income from the Department of Social Services and the Department of Corrections.
- Receipts in this category account for approximately 4.0% of ongoing general fund revenues in FY2024.



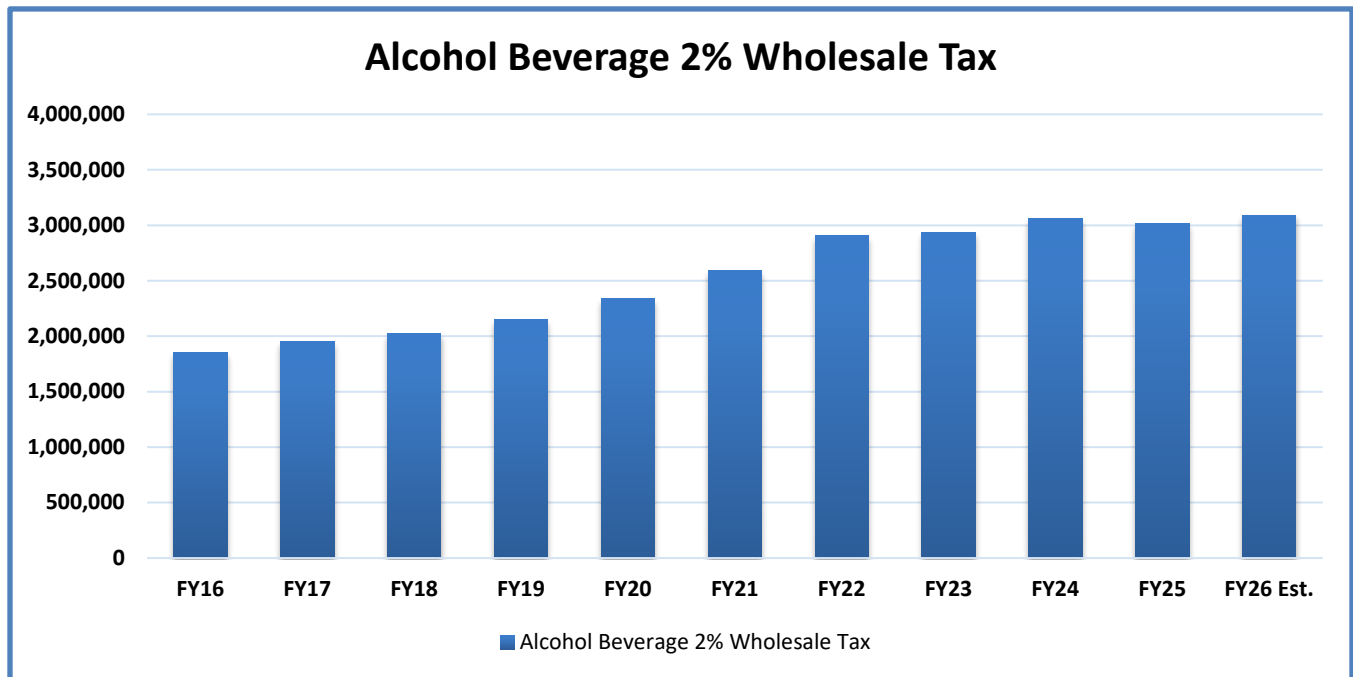
Estimate: The estimate is based on information provided by the South Dakota Investment Council and historical collections. The estimated yield of the cash flow fund for this past year was approximately 4.3%. Coronavirus Relief Fund dollars were received in April 2020 and State Fiscal Recovery Funds were received in August 2021, which also contributes to increases in interest income.

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Total Receipts	49,318,506	96,234,677	72,118,268
Dollar Change	35,317,957	46,916,171	(24,116,409)
Percent Change	252.26%	95.13%	(25.06)%

ALCOHOL BEVERAGE 2% WHOLESALE TAX

FY2025 Performance: Collections in FY2025 totaled \$3.0 million, down 1.6% from FY2024. Actual FY2025 collections were \$0.1 million lower than the most recent legislative adopted estimate.

- Collections from this tax account for approximately 0.1% of ongoing general fund revenues in FY2025.



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

	Actual FY2024	Actual FY2025	Interim Estimate FY2026
Total Receipts	3,063,771	3,015,131	3,092,161
Dollar Change	126,797	(48,640)	77,030
Percent Change	4.32%	(1.59)%	2.55%