SENATOR GARY CAMMACK, CHAIR | REPRESENTATIVE DEAN WINK, VICE CHAIR
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SOUTH DAKOTA LEGISLATURE
LEGISLATIVE RESEARCH COUNCIL

July 22, 2016

The Honorable Governor Dennis Daugaard
Office of the Governor
500 E Capitol Ave
Pierre, SD 57501

Senator Deb Peters
Senate Appropriations Chair
Legislative Research Council
500 E. Capitol Ave.
Pierre, SD 57501

Representative Justin Cronin
House Appropriations Chair
Legislative Research Council
500 E. Capitol Ave.
Pierre, SD 57501

Dear Governor Daugaard and Co-Chairs Peters and Cronin:

SDCL 4-8A-16 requires the Bureau of Finance and Management and the Legislative Research Council to prepare and submit, no later than July thirtieth of each year, independent revenue projections to the Governor and the Special Committee on Appropriations.

The attachment contains the Legislative Research Council's independent projections including actual general fund revenue for each of the two fiscal years last concluded and the estimated revenue of the current fiscal year. The attachment also includes a comparison of the Legislature-adopted FY2017 estimate to the LRC interim FY2017 estimate.

SDCL 4-8A-16 further states that "if either of the estimates provided in this section project a budget shortfall in excess of two and one-half percent of the general fund appropriated budget in the current fiscal year, the Bureau of Finance and Management and the Legislative Research Council shall propose measures to the Governor and the special committee created in chapter 4-8A for eliminating the shortfall. If either of the estimates provided in this section project a budget shortfall in the current or next fiscal year of five percent or greater of the general fund appropriated budget, the Governor shall propose measures to eliminate the shortfall consistent with S.D. Const., Art. 12, § 7."

The 2016 Legislature appropriated $1,594,982,921 from the general fund for FY2017, the current fiscal year. As of July 22, 2016, the Legislative Research Council interim general fund projected revenues for the current fiscal year 2017 to be $1,592,411,990. This estimate does not project a shortfall in excess of the two and one-half percent ($39.9M shortfall) or five percent ($79.7M shortfall) thresholds and as such, does not warrant any further action. However, if the estimate provided by the Bureau of Finance and Management is below the stated thresholds, additional action will be required.

Sincerely,

Jason Hancock
Director, Legislative Research Council

Cc: Annie Mehlhaff, Legislative Research Council
Jason Dilges, Bureau of Finance and Management
Members of the Interim Joint Committee on Appropriations

July 22, 2016

LRC INTERIM REVENUE PROJECTIONS
FISCAL YEAR 2017

	ACTUAL FY2015*	REVISED ESTIMATE FY2016	ACTUAL FY2016	FY2017 JCA ADOPTED Adjusted w/ Legislation	LRC INTERIM FY2017	FY2017 LRC INTERIM vs. FY2017 ADOPTED	PERCENT CHANGE
ONGOING RECEIPTS							
Sales and Use Tax	836,587,108	867,031,204	860,905,705	1,006,724,206	996,380,957	(10,343,249)	(1.03)
Lottery	105,242,088	109,480,503	110,057,269	111,997,154	112,290,905	293,751	0.26
Contractor's Excise Tax	100,116,439	103,223,784	101,496,551	107,427,227	104,602,346	(2,824,881)	(2.63)
Insurance Company Tax	79,976,685	83,353,565	84,795,304	85,396,833	88,441,502	3,044,669	3.57
Unclaimed Property	52,914,188	56,005,316	55,107,516	54,000,000	54,010,852	10,852	0.02
Licenses Permits and Fees	56,457,033	57,307,578	56,712,050	65,979,550	65,404,419	(575,131)	(0.87)
Tobacco Taxes	58,117,315	56,894,525	57,967,713	56,508,795	57,264,010	755,215	1.34
Trust Funds	30,826,330	33,146,867	33,146,867	35,158,903	35,158,903	0	0.00
Net Transfers In	15,242,550	18,331,177	20,664,860	18,932,912	18,948,822	15,910	0.08
Alcohol Beverage Tax	10,772,363	11,304,121	11,403,076	7,740,352	7,921,438	181,086	2.34
Bank Franchise Tax	8,583,099	7,793,516	10,512,754	11,472,803	11,472,803	0	0.00
Charges for Goods and Services	11,754,275	11,331,036	11,589,517	15,712,470	17,135,795	1,423,325	9.06
Telecommunications Tax	6,435,621	6,049,484	5,943,316	6,101,884	5,746,022	(355,862)	(5.83)
Mineral Severance Taxes	5,396,624	3,569,193	6,131,259	4,034,939	6,131,259	2,096,320	51.95
Sale-Leaseback	5,236,813	4,663,938	4,663,938	4,138,575	4,138,575	0	0.00
Investment Income and Interest	864,664	5,385,158	5,438,611	4,819,500	5,395,914	576,414	11.96
Alcohol 2% Wholesale Tax	1,861,746	1,847,098	1,850,515	1,993,744	1,967,468	(26,276)	(1.32)
TOTAL ONGOING RECEIPTS	**1,386,384,943**	**1,436,718,063**	**1,438,386,821**	**1,598,139,847**	**1,592,411,990**	**(5,727,857)**	**(0.36)**
ONE-TIME RECEIPTS							
Transfer from Department of Corrections		4,957,509	6,572,387	0	0		
Transfer from Petroleum Release Fund		3,500,000	3,500,000	0	0		
Transfer from SD Risk Pool	1,420,000	3,375,000	3,353,860	0	0		
Refinancing Gains/Transfer from SDBA	5,567,283			0	0		
Transfer from Large Proj. Liability Acct	1,299,428			0	0		
Unexpended Carryovers and Specials	16,286,079		379,252	0	0		
Prior Period Adjustments	1,954,866	(4,213,467)	(4,213,467)	0	0		
Transfer from Budget Reserve Fund		27,426,643	27,426,643	0	0		
Obligated Cash Carried Forward	9,876,349	21,535,148	21,535,148	0	0		
TOTAL ONE-TIME RECEIPTS	**36,404,005**	**56,580,833**	**58,553,823**	**0**	**0**	**0**	**0**
GRAND TOTAL	**1,422,788,948**	**1,493,298,896**	**1,496,940,644**	**1,598,139,847**	**1,592,411,990**	**(5,727,857)**	**(0.36)**

*To provide a clear year-over-year comparison, the FY2015 revenue categories have been adjusted to reflect the repeal of the Property Tax Reduction Fund which was effective in FY2016. The net of all adjutments is zero.