

STATISTICAL UPDATE

ECONOMIC AND FISCAL IMPACTS

ASSOCIATED WITH THE VACATION TRAVEL INDUSTRY

IN SOUTH DAKOTA

NOVEMBER 2001 THROUGH OCTOBER 2002

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Commissioned by:

THE SOUTH DAKOTA DEPARTMENT OF TOURISM

FOREWORD

The following document is a statistical compilation of estimated expenditure impacts that are traceable to the visitor industry in South Dakota. The South Dakota Department of Tourism first made a major commitment to monitor economic impacts generated by the industry in 1985 when the study Economic and Fiscal Impacts Associated with the Vacation Travel Industry in South Dakota was commissioned. A major update of this study, carrying the same name, was commissioned in 1988 and was completed in January of 1989. Since then, abbreviated statistical updates of travel related economic impacts have been produced each year.

The South Dakota Department of Revenue began collecting taxable sales data in bimonthly intervals in July of 1983. Accordingly, it is now possible to analyze the changes in visitor spending impacts as they have occurred over the last 19 years. Moreover, these impacts can be studied at the county level because of the detail employed in the data collection process.

The present document is an update that addresses visitor industry impacts that have occurred from November 1, 2001, to October 31, 2002. The September to August annual time interval was used in the past, but continued efficiencies in data compilation that have occurred within the South Dakota Department of Revenue now make it possible to perform this analysis over the 12 months of November to October. Thus, the 2002 travel year focused on in this document includes all of the months of 2002 except for the 2001 months of November and December. This improvement provides for the inclusion of the immediate past hunting season, which is of considerable importance for several counties in South Dakota.

STATISTICAL ABSTRACT

VISITOR SPENDING BY COUNTY

Visitor spending for lodging, food and beverages, attractions, and miscellaneous retail items have been compiled for each county. Lodging, food, and beverages represent key spending sectors in which vacation travelers bear a direct spending impact. Taking the direct spending in these sectors likely made by vacation travelers as a base, the balance of travel spending is assumed to be a ratio of this base. This methodology allows one to estimate total visitor spending in the state.

Statistics relating to smaller counties that are less dependent on the visitor industry must be viewed with discretion. The small number of businesses that are, to various degrees, dependent on visitor spending in these counties causes volatility in the data through time. The addition or discontinuance of a very small number of such businesses in a county has the potential to produce wide swings in travel-oriented spending. Data involving these counties are best examined over a span of years rather than for a specific year. The methodology employed in developing these estimates produces more reliable results the more visitor dependent the local economy is and the larger the number of visitor-oriented businesses. One must look at the longer run trends – as opposed to year-to-year changes in aggregate visitor spending – in the smaller, less visitor dependent counties.

Total estimated visitor spending from 1995 to 2002 for each county appears in **Table 1**. The reader is reminded that 2002 spending estimates begin in November of 2001, which provides for an analysis over a 12-month span of time. For example, data denoted as 2002 is actually for the time span November 1, 2001, to October 31, 2002. Thus, the 2002 data encompasses virtually all types of leisure travel activities for the calendar year.

TABLE 1

ESTIMATED TOTAL VISITOR SALES VOLUME AND PERCENT CHANGE FROM PREVIOUS YEAR BY COUNTY 1995 TO 2002				
YEAR	AURORA		BEADLE	COUNTY
1995	1,180,872	4.4%	6,081,012	-7.1%
1996	1,194,964	1.2%	5,945,189	-2.2%
1997	1,230,952	3.0%	5,794,878	-2.5%
1998	1,227,574	-0.3%	6,293,154	8.6%
1999	1,417,949	15.5%	7,051,462	12.0%
2000	1,522,523	7.4%	6,942,666	-1.5%
2001	1,149,275	-24.5%	6,936,884	-0.1%
2002	1,311,739	14.1%	6,330,255	-8.7%
95-02 AVE. % CHANGE=		1.6%		0.6%
YEAR	BENNETT		BON HOMME	COUNTY
1995	766,722	30.2%	1,167,068	-24.6%
1996	616,230	-19.6%	1,464,604	25.5%
1997	582,039	-5.5%	1,186,306	-19.0%
1998	738,787	26.9%	1,587,874	33.9%
1999	917,144	24.1%	1,145,684	-27.8%
2000	891,063	-2.8%	1,195,598	4.4%
2001	1,155,613	29.7%	1,120,017	-6.3%
2002	1,116,823	-3.4%	1,241,150	10.8%
95-02 AVE. % CHANGE=		6.5%		0.9%
YEAR	BROOKINGS		BROWN	COUNTY
1995	6,095,872	-3.1%	9,028,564	-3.1%
1996	5,961,152	-2.2%	8,407,533	-6.9%
1997	6,918,701	16.1%	8,774,520	4.4%
1998	8,681,736	25.5%	9,297,252	6.0%
1999	8,276,437	-4.7%	10,305,111	10.8%
2000	8,037,839	-2.9%	11,006,593	6.8%
2001	8,259,849	2.8%	12,006,899	9.1%
2002	9,394,686	13.7%	12,831,776	6.9%
95-02 AVE. % CHANGE=		7.7%		6.0%
YEAR	BRULE		BUFFALO	COUNTY
1995	8,444,436	-6.7%	1,456,180	2.1%
1996	7,916,477	-6.3%	1,435,793	-1.4%
1997	8,315,145	5.0%	1,357,606	-5.4%
1998	8,315,248	0.0%	NA*	NA*
1999	9,365,907	12.6%	NA*	NA*
2000	8,812,772	-5.9%	NA*	NA*
2001	8,719,713	-1.1%	NA*	NA*
2002	9,279,991	6.4%	NA*	NA*
95-02 AVE. % CHANGE=		1.4%	NA*	NA*

* Not Available: Taxable sales not available for lodging, eating and drinking establishments for Buffalo County from 1998 to 2002.

TABLE 1 CONTINUED				
YEAR	BUTTE	COUNTY	CAMPBELL	COUNTY
1995	4,271,280	17.3%	588,641	20.7%
1996	4,221,115	-1.2%	602,140	2.3%
1997	4,481,562	6.2%	661,762	9.9%
1998	5,806,429	29.6%	735,348	11.1%
1999	4,867,057	-16.2%	677,094	-7.9%
2000	4,942,624	1.6%	712,983	5.3%
2001	5,090,769	3.0%	1,168,847	63.9%
2002	5,568,092	9.4%	1,025,122	-12.3%
95-02 AVE. % CHANGE=		4.3%		10.6%
YEAR	CHARLES MIX	COUNTY	CLARK	COUNTY
1995	6,774,012	1.0%	779,972	5.8%
1996	6,819,220	0.7%	797,165	2.2%
1997	6,432,891	-5.7%	905,039	13.5%
1998	6,800,358	5.7%	1,100,293	21.6%
1999	6,971,904	2.5%	752,008	-31.7%
2000	7,753,126	11.2%	497,793	-33.8%
2001	7,351,239	-5.2%	659,110	32.4%
2002	7,155,043	-2.7%	672,251	2.0%
95-02 AVE. % CHANGE=		0.8%		-2.0%
YEAR	CLAY	COUNTY	CODINGTON	COUNTY
1995	9,832,734	16.1%	11,681,161	-14.9%
1996	10,615,351	8.0%	12,017,364	2.9%
1997	8,355,838	-21.3%	14,533,726	20.9%
1998	10,396,872	24.4%	15,341,328	5.6%
1999	6,684,525	-35.7%	14,990,369	-2.3%
2000	6,405,540	-4.2%	15,993,766	6.7%
2001	7,136,162	11.4%	13,150,343	-17.8%
2002	7,051,546	-1.2%	14,070,790	7.0%
95-02 AVE. % CHANGE=		-4.0%		2.9%
YEAR	CORSON	COUNTY	CUSTER	COUNTY
1995	802,025	11.5%	33,271,485	5.4%
1996	631,317	-21.3%	32,565,820	-2.1%
1997	692,915	9.8%	32,746,059	0.6%
1998	763,851	10.2%	34,506,424	5.4%
1999	692,174	-9.4%	37,619,091	9.0%
2000	722,200	4.3%	41,151,299	9.4%
2001	372,810	-48.4%	39,495,173	-4.0%
2002	519,112	39.2%	43,343,345	9.7%
95-02 AVE. % CHANGE=		-5.0%		4.3%

TABLE 1 CONTINUED				
YEAR	DAVISON	COUNTY	DAY	COUNTY
1995	17,835,522	5.8%	2,161,138	5.7%
1996	17,090,394	-4.2%	2,217,765	2.6%
1997	19,552,390	14.4%	2,099,848	-5.3%
1998	20,952,087	7.2%	2,429,445	15.7%
1999	21,011,488	0.3%	2,659,325	9.5%
2000	23,238,693	10.6%	2,664,267	0.2%
2001	22,440,292	-3.4%	2,731,458	2.5%
2002	25,027,050	11.5%	2,819,588	3.2%
95-02 AVE. % CHANGE=		5.8%		4.4%
YEAR	DEUEL	COUNTY	DEWEY	COUNTY
1995	667,055	1.8%	1,185,880	27.1%
1996	750,528	12.5%	1,222,724	3.1%
1997	955,613	27.3%	1,076,558	-12.0%
1998	997,521	4.4%	910,342	-15.4%
1999	1,056,643	5.9%	982,359	7.9%
2000	884,073	-16.3%	671,975	-31.6%
2001	777,730	-12.0%	1,074,417	59.9%
2002	1,029,959	32.4%	952,749	-11.3%
95-02 AVE. % CHANGE=		7.8%		-2.8%
YEAR	DOUGLAS	COUNTY	EDMONDS	COUNTY
1995	314,318	83.3%	517,705	-3.3%
1996	305,401	-2.8%	510,932	-1.3%
1997	398,504	30.5%	592,371	15.9%
1998	1,032,984	159.2%	569,028	-3.9%
1999	539,236	-47.8%	393,868	-30.8%
2000	520,075	-3.6%	474,675	20.5%
2001	551,144	6.0%	601,551	26.7%
2002	393,583	-28.6%	700,244	16.4%
95-02 AVE. % CHANGE=		3.6%		5.0%
YEAR	FALL RIVER	COUNTY	FAULK	COUNTY
1995	7,528,514	20.8%	465,507	-31.3%
1996	8,050,015	6.9%	470,433	1.1%
1997	7,854,460	-2.4%	788,051	67.5%
1998	8,896,216	13.3%	589,070	-25.2%
1999	9,028,007	1.5%	476,832	-19.1%
2000	9,097,638	0.8%	502,583	5.4%
2001	9,339,874	2.7%	567,722	13.0%
2002	10,302,614	10.3%	622,511	9.7%
95-02 AVE. % CHANGE=		5.3%		4.8%

TABLE 1 CONTINUED				
YEAR	GRANT	COUNTY	GREGORY	COUNTY
1995	2,333,519	-6.6%	1,096,274	-6.2%
1996	2,592,735	11.1%	1,154,216	5.3%
1997	2,901,544	11.9%	1,276,986	10.6%
1998	2,914,249	0.4%	1,151,227	-9.8%
1999	2,423,723	-16.8%	1,181,246	2.6%
2000	2,312,000	-4.6%	1,206,956	2.2%
2001	2,732,831	18.2%	1,403,215	16.3%
2002	2,727,347	-0.2%	1,621,256	15.5%
95-02 AVE. % CHANGE=		2.4%		6.8%
YEAR	HAAKON	COUNTY	HAMLIN	COUNTY
1995	1,019,947	19.3%	1,158,985	2.6%
1996	983,532	-3.6%	1,219,321	5.2%
1997	1,064,627	8.2%	1,107,629	-9.2%
1998	1,213,661	14.0%	1,250,224	12.9%
1999	884,027	-27.2%	808,544	-35.3%
2000	924,114	4.5%	786,773	-2.7%
2001	835,275	-9.6%	816,235	3.7%
2002	767,005	-8.2%	811,482	-0.6%
95-02 AVE. % CHANGE=		-3.5%		-4.3%
YEAR	HAND	COUNTY	HANSON	COUNTY
1995	1,083,287	13.2%	316,170	35.6%
1996	1,550,403	43.1%	284,112	-10.1%
1997	1,103,740	-28.8%	396,546	39.6%
1998	1,380,482	25.1%	447,045	12.7%
1999	1,439,114	4.2%	419,716	-6.1%
2000	1,545,117	7.4%	274,106	-34.7%
2001	1,702,193	10.2%	496,864	81.3%
2002	1,789,758	5.1%	528,731	6.4%
95-02 AVE. % CHANGE=		9.3%		9.6%
YEAR	HARDING	COUNTY	HUGHES	COUNTY
1995	524,041	0.3%	9,848,833	-7.3%
1996	447,383	-14.6%	10,701,920	8.7%
1997	566,702	26.7%	11,258,936	5.2%
1998	559,824	-1.2%	14,008,049	24.4%
1999	480,717	-14.1%	12,140,727	-13.3%
2000	738,008	53.5%	12,103,326	-0.3%
2001	733,752	-0.6%	13,353,306	10.3%
2002	712,782	-2.9%	13,795,291	3.3%
95-02 AVE. % CHANGE=		5.1%		5.7%

TABLE 1 CONTINUED				
YEAR	HUTCHINSON	COUNTY	HYDE	COUNTY
1995	1,067,940	-21.2%	267,181	NA*
1996	1,210,859	13.4%	292,526	9.5%
1997	1,197,064	-1.1%	373,835	27.8%
1998	1,345,034	12.4%	365,172	-2.3%
1999	1,643,509	22.2%	442,237	21.1%
2000	1,725,180	5.0%	364,204	-17.6%
2001	1,797,507	4.2%	374,251	2.8%
2002	1,416,694	-21.2%	315,572	-15.7%
95-02 AVE. % CHANGE=		4.7%		2.6%
YEAR	JACKSON	COUNTY	JERAULD	COUNTY
1995	10,075,942	0.6%	479,785	-8.1%
1996	9,199,822	-8.7%	432,664	-9.8%
1997	6,538,622	-28.9%	441,348	2.0%
1998	9,552,295	46.1%	503,132	14.0%
1999	8,153,886	-14.6%	545,433	8.4%
2000	7,243,010	-11.2%	687,362	26.0%
2001	6,467,501	-10.7%	675,084	-1.8%
2002	6,955,203	7.5%	684,093	1.3%
95-02 AVE. % CHANGE=		-4.4%		6.5%
YEAR	JONES	COUNTY	KINGSBURY	COUNTY
1995	5,409,455	5.6%	1,711,321	13.0%
1996	5,321,543	-1.6%	1,676,579	-2.0%
1997	4,927,303	-7.4%	1,723,925	2.8%
1998	4,669,963	-5.2%	1,860,785	7.9%
1999	5,142,873	10.1%	1,942,719	4.4%
2000	5,375,751	4.5%	2,264,972	16.6%
2001	5,150,585	-4.2%	2,363,350	4.3%
2002	5,704,126	10.7%	2,267,876	-4.0%
95-02 AVE. % CHANGE=		0.8%		4.6%
YEAR	LAKE	COUNTY	LAWRENCE	COUNTY
1995	2,853,706	-1.9%	58,564,107	-12.1%
1996	3,617,951	26.8%	57,982,910	-1.0%
1997	3,687,087	1.9%	55,406,211	-4.4%
1998	3,854,759	4.5%	69,615,301	25.6%
1999	3,867,626	0.3%	73,237,958	5.2%
2000	4,306,861	11.4%	79,394,431	8.4%
2001	3,257,725	-24.4%	74,183,004	-6.6%
2002	2,307,850	-29.2%	84,380,116	13.7%
95-02 AVE. % CHANGE=		-2.7%		6.3%

* Not Available: Taxable sales not available for lodging, eating and drinking establishments for Hyde County in 1994.

TABLE 1 CONTINUED				
YEAR	LINCOLN	COUNTY	LYMAN	COUNTY
1995	2,547,560	-17.0%	6,245,419	-7.6%
1996	2,548,588	0.0%	7,652,722	22.5%
1997	3,529,910	38.5%	8,418,794	10.0%
1998	3,811,123	8.0%	8,720,931	3.6%
1999	4,348,375	14.1%	9,331,067	7.0%
2000	4,260,251	-2.0%	9,834,341	5.4%
2001	4,607,837	8.2%	10,301,471	4.7%
2002	6,096,078	32.3%	10,520,994	2.1%
95-02 AVE. % CHANGE=		19.9%		98.0%
YEAR	MCCOOK	COUNTY	MCPHERSON	COUNTY
1995	1,822,220	-11.3%	377,027	22.4%
1996	1,958,992	7.5%	517,928	37.4%
1997	1,452,596	-25.8%	624,733	20.6%
1998	1,641,299	13.0%	697,641	11.7%
1999	1,739,406	6.0%	615,670	-11.7%
2000	1,560,813	-10.3%	787,156	27.9%
2001	1,449,778	-7.1%	671,472	-14.7%
2002	1,557,325	7.4%	790,877	17.8%
95-02 AVE. % CHANGE=		-2.1%		15.7%
YEAR	MARSHALL	COUNTY	MEADE	COUNTY
1995	1,485,663	25.3%	15,306,694	12.3%
1996	1,671,033	12.5%	15,173,997	-0.9%
1997	1,569,348	-6.1%	16,630,994	9.6%
1998	1,688,040	7.6%	20,507,475	23.3%
1999	1,589,351	-5.8%	22,437,549	9.4%
2000	1,753,741	10.3%	29,118,961	29.8%
2001	1,679,178	-4.3%	25,697,976	-11.7%
2002	1,610,827	-4.1%	32,813,412	27.7%
95-02 AVE. % CHANGE=		1.2%		16.3%
YEAR	MELLETTTE	COUNTY	MINER	COUNTY
1995	216,642	13.5%	325,237	30.4%
1996	204,688	-5.5%	344,516	5.9%
1997	373,198	82.3%	381,059	10.6%
1998	375,740	0.7%	396,699	4.1%
1999	465,773	24.0%	414,903	4.6%
2000	586,687	26.0%	532,861	28.4%
2001	415,435	-29.2%	554,579	4.1%
2002	627,066	50.9%	498,984	-10.0%
95-02 AVE. % CHANGE=		27.1%		7.6%

TABLE 1 CONTINUED				
YEAR	MINNEHAHA	COUNTY	MOODY	COUNTY
1995	63,640,258	2.3%	5,489,442	7.0%
1996	62,514,624	-1.8%	5,440,435	-0.9%
1997	65,084,393	4.1%	5,891,991	8.3%
1998	76,544,387	17.6%	6,138,422	4.2%
1999	81,301,198	6.2%	5,463,195	-11.0%
2000	82,178,702	1.1%	5,636,470	3.2%
2001	84,775,089	3.2%	5,728,344	1.6%
2002	88,842,168	4.8%	6,108,134	6.6%
95-02 AVE. % CHANGE=		5.7%		1.6%
YEAR	PENNINGTON	COUNTY	PERKINS	COUNTY
1995	134,587,871	1.4%	793,871	3.2%
1996	139,095,444	3.3%	876,404	10.4%
1997	138,176,718	-0.7%	899,457	2.6%
1998	156,185,112	13.0%	920,076	2.3%
1999	159,851,625	2.3%	827,675	-10.0%
2000	166,883,452	4.4%	763,828	-7.7%
2001	151,685,199	-9.1%	777,037	1.7%
2002	177,356,673	16.9%	1,016,969	30.9%
95-02 AVE. % CHANGE=		4.5%		4.0%
YEAR	POTTER	COUNTY	ROBERTS	COUNTY
1995	2,822,237	2.1%	2,746,049	8.2%
1996	3,464,910	22.8%	2,908,095	5.9%
1997	3,525,271	1.7%	2,817,887	-3.1%
1998	4,374,314	24.1%	2,922,149	3.7%
1999	3,195,837	-26.9%	3,341,106	14.3%
2000	2,907,741	-9.0%	3,245,512	-2.9%
2001	2,984,701	2.6%	2,774,618	-14.5%
2002	2,781,094	-6.8%	2,892,099	4.2%
95-02 AVE. % CHANGE=		-0.2%		0.8%
YEAR	SANBORN	COUNTY	SHANNON	COUNTY
1995	584,852	9.0%	224,689	-25.0%
1996	553,217	-5.4%	538,383	139.6%
1997	702,449	27.0%	384,953	-28.5%
1998	786,161	11.9%	443,922	15.3%
1999	544,448	-30.7%	549,438	23.8%
2000	490,341	-9.9%	696,394	26.7%
2001	459,103	-6.4%	480,241	-31.0%
2002	707,885	54.2%	497,445	3.6%
95-02 AVE. % CHANGE=		3.0%		17.3%

TABLE 1 CONTINUED				
YEAR	SPINK	COUNTY	STANLEY	COUNTY
1995	1,946,804	-0.8%	455,548	25.9%
1996	1,779,705	-8.6%	513,415	12.7%
1997	1,999,631	12.4%	970,748	89.1%
1998	1,923,811	-3.8%	1,267,574	30.6%
1999	1,815,199	-5.6%	1,313,093	3.6%
2000	2,165,200	19.3%	1,608,604	22.5%
2001	2,047,031	-5.5%	2,123,754	32.0%
2002	2,196,163	7.3%	2,207,621	3.9%
95-02 AVE. % CHANGE=		1.8%		54.9%
YEAR	SULLY	COUNTY	TRIPP	COUNTY
1995	1,658,151	33.8%	3,088,546	-5.0%
1996	2,295,099	38.4%	2,703,538	-12.5%
1997	2,478,448	8.0%	2,726,871	0.9%
1998	2,654,109	7.1%	2,794,222	2.5%
1999	2,409,414	-9.2%	3,617,169	29.5%
2000	2,403,437	-0.2%	4,021,132	11.2%
2001	2,961,126	23.2%	4,854,629	20.7%
2002	2,238,514	-24.4%	5,338,289	10.0%
95-02 AVE. % CHANGE=		5.0%		10.4%
YEAR	TODD	COUNTY	TURNER	COUNTY
1995	529,171	17.9%	882,764	-10.7%
1996	620,931	17.3%	817,300	-7.4%
1997	1,538,689	147.8%	894,659	9.5%
1998	731,283	-52.5%	972,781	8.7%
1999	1,419,045	94.0%	899,392	-7.5%
2000	3,742,211	163.7%	1,267,214	40.9%
2001	3,529,477	-5.7%	1,005,916	-20.6%
2002	3,920,022	11.1%	1,115,094	10.9%
95-02 AVE. % CHANGE=		91.5%		3.8%
YEAR	UNION	COUNTY	WALWORTH	COUNTY
1995	5,040,721	7.8%	4,869,150	0.0%
1996	5,583,776	10.8%	5,381,341	10.5%
1997	5,895,885	5.6%	5,343,289	-0.7%
1998	8,890,158	50.8%	4,576,964	-14.3%
1999	6,958,255	-21.7%	3,851,918	-15.8%
2000	5,420,737	-22.1%	3,971,293	3.1%
2001	5,711,779	5.4%	4,268,672	7.5%
2002	5,720,285	0.1%	4,096,502	-4.0%
95-02 AVE. % CHANGE=		1.9%		-2.3%

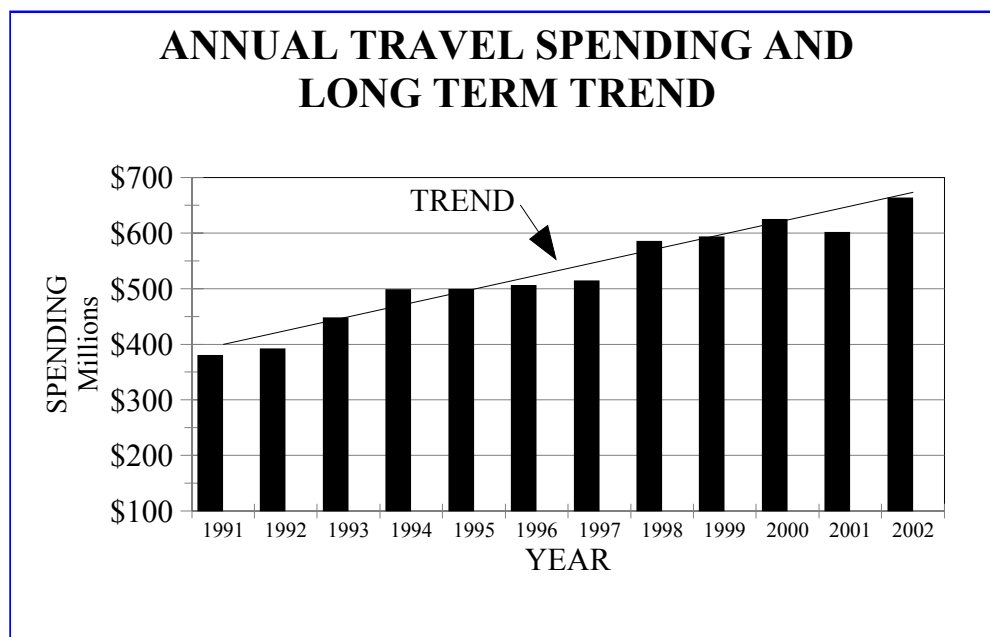
TABLE 1 CONTINUED		
YEAR	YANKTON	COUNTY
1995	9,963,296	6.2%
1996	10,368,409	4.1%
1997	11,383,783	9.8%
1998	12,100,801	6.3%
1999	12,206,674	0.9%
2000	12,614,813	3.3%
2001	11,387,520	-9.7%
2002	11,665,870	2.4%
95-02 AVE. % CHANGE=		2.4%
YEAR	ZIEBACH	COUNTY
1995	NA*	NA*
1996	NA*	NA*
1997	164,264	NA*
1998	171,506	4.4%
1999	184,329	7.5%
2000	122,807	-33.4%
2001	150,027	22.2%
2002	99,341	-33.8%
97-02 AVE. % CHANGE=		-9.9%
YEAR	SOUTH DAKOTA	
1995	498,831,286	0.2%
1996	505,756,596	1.4%
1997	514,119,860	1.7%
1998	584,897,125	13.8%
1999	593,326,831	1.4%
2000	624,469,235	5.2%
2001	601,281,558	-3.7%
2002	662,860,933	10.2%
95-02 AVE. % CHANGE=		4.7%

* Not Available: Taxable sales not available for lodging, eating and drinking establishments for Ziebach County from 1995 to 1996.

The last page of Table 1 indicates that total visitor spending for the state of South Dakota totaled \$662,860,933 in 2002. This level of spending is the highest that has ever been achieved in South Dakota, and more than \$60 million more than the spending that occurred in 2001. Visitor spending in 2002 is estimated to be 6 percent higher than that recorded in 2000, the previous high year in terms of visitor spending volume.

The reader is reminded that this overall level of growth is not representative of spending volume associated with individual businesses. Any growth in the state's visitor industry infrastructure or shifts in volume from one region of the state to another causes individual businesses to either fall short of or exceed the overall state average growth in visitor spending.

The following graph allows one to put the 2002 travel year into a long-run perspective. The vertical bars represent total visitor spending in the state from 1991 to 2002. The upward sloping trend line characterizes the overall long-run trend in expenditure volume.



Generally, it shows that the positive economic performance of 2002 has brought the industry back to the long term trend, in contrast to 2001.

Consistent positive growth rates occurred in Black Hills counties and those on the Interstate 90 corridor. The weakest visitor spending levels were associated with counties along Lake Oahe. Significant movements took place in various smaller population counties dispersed throughout the state as can be seen in Table 1. Meade County had the highest year over year growth in visitor spending among the more populated South Dakota counties in 2002.

From a statewide perspective, the June through August peak visitor season experienced the strongest relative performance, explaining much of the substantial growth in visitor spending for the year.

REGIONAL EXPENDITURES

South Dakota possesses a multi-faceted visitor market. Different attributes within the state have proven to appeal to varied markets in the overall visitor industry. These market segments exhibit somewhat different relative market impacts throughout the year.

As a means of arriving at regional statistical comparisons, the state is divided into four regions according to their distinct attributes. The map in Appendix A illustrates these four regions. Region 1 (Glacial Lakes and Prairies) is dominated by the glacial lakes and fishing, camping and hunting. Region 2 (Southeast South Dakota) contains the state's largest city, Sioux Falls, and various unique attractions. It also is strategically located so that a considerable amount of travel-oriented economic activity occurs in the region as visitors to other parts of the state travel through the area. Region 3 (Great Lakes) constitutes the counties in proximity to the Missouri River and is noted for outdoor recreation, including fishing and hunting, and continued development of visitor facilities. Region 4 (Black Hills, Badlands and Lakes) is made up of the traditional Black Hills counties as well as other western counties that benefit from national forests, parks, and monuments and other destination points in the area. Region 4 has historically been the dominant vacation area from an economic perspective. Table 2 breaks visitor spending levels into the respective regions. Visitor expenditures for earlier years appear in Appendix B.

TABLE 2

VISITOR EXPENDITURES AND PERCENTAGE CHANGES BY REGION			
REGION	2001 EXPENDITURES	2002 EXPENDITURES	% CHANGE
Glacial Lakes and Prairies (1)	\$66,206,801	\$69,666,623	5.2%
Southeast South Dakota (2)	\$133,233,526	\$140,161,805	5.2%
Great Lakes (3)	\$75,329,141	\$76,433,203	1.5%
Black Hills Badlands and Lakes (4)	\$326,512,090	\$376,599,302	15.3%
ENTIRE STATE	\$601,281,558	\$662,860,933	10.2%

A number of important observations can be made concerning the regional travel markets. As indicated in Table 2, Region 4, which is dominated by Black Hills counties, experienced the largest increase in visitor spending, reversing that region's drop in 2001.

Spending in both the Glacial Lakes and Southeast regions rose by a healthy 5.2 percent. Within these regions Brookings, Davison, Deuel, Edmonds Lincoln, McPherson and Turner Counties generated double digit growth over 2001.

Expenditures this year in the Great Lakes Region rose by a moderate 1.5 percent with negative growth occurring in many counties in the northern part of the region. These counties include Campbell, Dewey, Potter, Sully and Walworth. Many counties from Hughes and southward experienced positive growth in 2002, offsetting what was experienced to the north.

REGIONAL SHARES

Table 3 below illustrates the market share of each of the four regions as they are defined in this document. In recent years, the western part of the state generated just over one-half of the entire state volume. Southeastern South Dakota has accounted for slightly less than one-fourth of state volume, with the remainder divided about evenly between the other two regions. The regional shares resulting from visitor spending in 2002 saw the Western Region gain two and one-half percentage points of the statewide total, with the other three regions losing one percentage point or less.

TABLE 3

VISITOR EXPENDITURES BY REGIONAL SHARE		
REGION	2002 VOLUME	PERCENT
Glacial Lakes and Prairies (1)	\$69,666,623	10.5%
Southeast South Dakota (2)	\$140,161,805	21.2%
Great Lakes (3)	\$76,433,203	11.5%
Black Hills Badlands and Lakes (4)	\$376,599,302	56.8%
ENTIRE STATE	\$662,860,933	100.0%

SPENDING CHANGES SINCE 1995

The following table summarizes changes in visitor volume that have occurred in each region since 1995. In addition, data for the entire state is included. Statewide annual growth in nominal expenditures has varied from -3.7 percent in 2001 to 13.8 percent in 1998.

Since 1995, annual vacation travel volume has increased in the entire state on average by 4.3 percent with respect to expenditures. Average regional growth has varied from 2.8 percent to 5.0 percent annually since 1995. Accordingly, it is found that all regions of the state have experienced growth in the long run. It should be noted; however, that a certain amount of this growth in nominal spending was created by price inflation.

TABLE 4

ANNUAL PERCENTAGE CHANGES IN VISITOR SPENDING VOLUME AND CHANGE BY REGION								
REGION	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	AVE
Glacial Lakes and Prairies (1)	0.2%	8.6%	8.1%	-1.0%	3.2%	-1.9%	5.2%	3.2%
Southeast South Dakota (2)	0.4%	3.6%	17.0%	0.0%	1.5%	1.6%	5.2%	4.2%
Great Lakes (3)	6.0%	4.9%	6.3%	-2.8%	2.1%	1.6%	1.5%	2.8%
B. Hills Badlands and Lakes (4)	1.0%	-1.3%	15.6%	3.5%	7.9%	-7.2%	15.3%	5.0%
ENTIRE STATE	1.4%	1.7%	13.8%	1.4%	5.2%	-3.7%	10.2%	4.3%

REAL STATE GROWTH

Real industry growth is measured by removing the impact of price inflation on actual expenditure levels. The period from 1988 to 2002 has been characterized by moderate inflation ranging from 1.7 to 4.9 percent. In 2002, the rate of inflation equated to 1.8 percent.

As illustrated in Table 5, nominal growth in visitor spending from 1988 to 2001 can be divided into that which is produced by inflation as opposed to the real increase. Through a process of subtracting the inflation rate from nominal growth, an approximate estimate of real growth can be obtained. It can be seen that real growth has amounted to as much as 12.1 percent per year, which occurred in 1998. In 2002, the *real* rate of growth in travel spending amounted to a 8.4 percent for the state as a whole.

TABLE 5

PERCENTAGE CHANGE FROM PREVIOUS YEAR IN NOMINAL VISITOR SALES VOLUME, INFLATION RATES AND ESTIMATES OF REAL GROWTH FOR STATE OF SOUTH DAKOTA			
YEAR	NOMINAL GROWTH	INFLATION RATE	REAL GROWTH
1988	10.5%	4.0%	6.5%
1989	11.5%	4.3%	7.2%
1990	13.8%	4.7%	9.1%
1991	10.4%	4.9%	5.5%
1992	3.1%	3.2%	-0.1%
1993	14.3%	3.0%	11.3%
1994	11.3%	3.1%	8.2%
1995	0.2%	2.8%	-2.6%
1996	1.4%	2.8%	-1.4%
1997	1.7%	2.3%	-0.6%
1998	13.8%	1.7%	12.1%
1999	1.4%	2.1%	-0.7%
2000	5.2%	2.5%	2.7%
2001	-3.7%	2.7%	-6.4%
2002	10.2%	1.8%	8.4%
Arithmetic Averages:	7.0%	3.1%	3.9%

Annual increases in real spending growth in South Dakota have averaged 3.9 percent during the period encompassed in the preceding table.

EMPLOYMENT CHANGES

It has been estimated that in 2001 there were about 28,885 jobs that related directly and indirectly to the visitor industry. The methodology employed in arriving at this estimate entails input-output modeling, involving changes in long-run final demand. Over the past year, the positive real growth in spending has produced corresponding increases in employment. It is estimated that visitor industry jobs in 2002 approximated 31,022, an increase of more than 2,100 compared to last year.

A summary of yearly employment estimates that are traceable to the visitor industry appears in Table 6.

TABLE 6

SOUTH DAKOTA EMPLOYMENT TRACEABLE TO THE VACATION TRAVEL INDUSTRY	
YEAR	EMPLOYMENT
1988	19,698
1989	21,228
1990	23,267
1991	24,944
1992	24,944
1993	27,402
1994	28,909
1995	28,157
1996	27,762
1997	27,595
1998	30,635
1999	30,267
2000	30,860
2001	28,885
2002	31,022

About 75 percent of any job creation in the visitor industry occurs in the sectors directly impacted by visitor spending. These sectors include retail trade, transportation, food and beverages, lodging and amusements. The remaining 25 percent of new jobs occur in a variety of sectors via induced employment impacts.

DIRECT AND INDIRECT STATE IMPACTS

The direct spending by vacation travelers induces impacts on final demands for goods and services in virtually all of the business sectors in the state economy. Earned wages, interest returns, rents and profits are in part spent in these sectors in successive rounds which thereby produces a multiplier effect. **Using a multiplier of 2.5, which was developed in the referenced 1986 study, it can be estimated that in 2002, a total state economic impact of about \$1,657,000,000 is generated by \$663 million in direct visitor spending.**

STATE FISCAL IMPACTS

Visitor expenditures produce substantial positive impacts on state fiscal resources. Most all visitor spending interacts with the state sales tax. The only major exceptions to this include state license and user fees and gasoline purchases. It is estimated that in 2002, about \$492.5 million in visitor spending is subject to the 4 percent state sales tax. Thus, state sales tax collections arising from vacation travelers in 2002 are estimated to be \$19,700,000. This is more than \$1.8 million higher than the amount paid by vacation travelers in 2001.

Sales taxes assessed by municipalities interact heavily with the visitor industry and the proportion of such taxes collected which are paid by visitors is substantial. No attempt is made to estimate this fiscal impact in this report.

Gasoline purchases were taxed at the rate of 22 cents per gallon in South Dakota during the study period. Assuming an average price of \$1.59 per gallon for fuel purchases, 94.6 million gallons are estimated to have been purchased by vacation travelers. Applying the 22 cent tax rate to the amount sold yields \$20,812,000 in 2002 state gasoline tax receipts and represents an increase of nearly \$2 million or a rise of 10.1 percent compared to 2001.

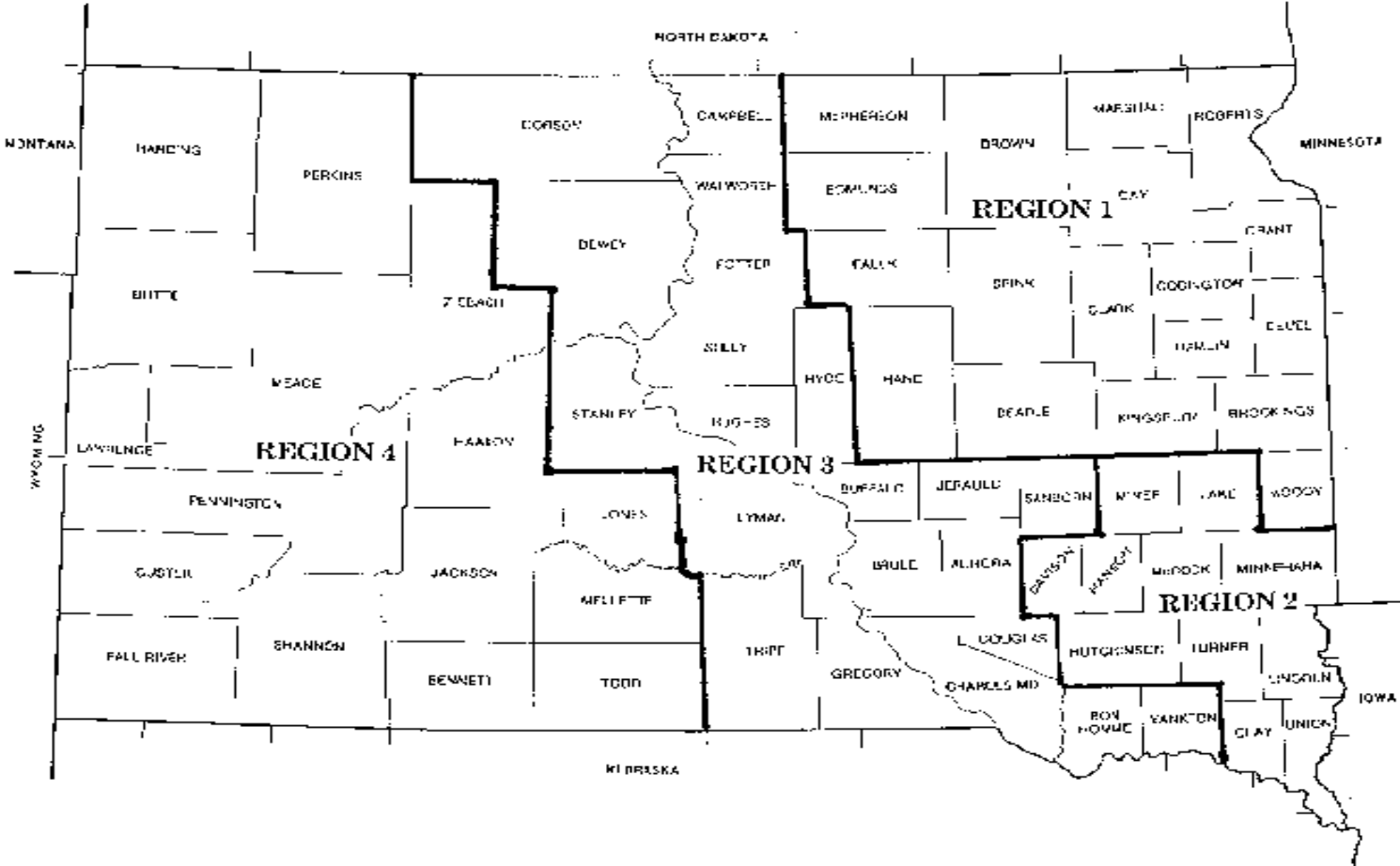
Accordingly, total state sales and gasoline tax receipts directly traceable to visitors are estimated to be \$40,512,000 in 2002.

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APPENDIX A
TRAVEL REGIONS USED IN STUDY

SOUTH DAKOTA



APPENDIX B

VISITOR EXPENDITURES BY REGION, 1993 TO 2002										
REGION	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Glacial Lakes and Prairies (1)	\$46,263,647	\$57,762,976	\$56,146,285	\$56,278,089	\$61,103,175	\$66,074,630	\$65,400,676	\$67,501,196	\$66,206,801	\$69,666,623
Southeast South Dakota (2)	94,500,325	103,103,886	106,164,831	106,586,462	110,427,427	129,252,245	129,288,392	131,170,957	133,233,526	\$140,161,805
Great Lakes (3)	53,914,378	63,645,843	63,225,123	66,993,829	70,253,398	74,676,235	72,571,571	74,124,804	75,329,141	\$76,433,203
Black Hills Badlands & Lakes (4)	252,686,950	273,325,052	273,295,047	275,898,215	272,335,860	314,894,016	326,066,192	351,672,278	326,512,090	\$376,599,302
ENTIRE STATE	\$447,365,300	\$497,837,757	\$498,831,286	\$505,756,596	\$514,119,860	\$584,897,126	\$593,326,831	\$624,469,235	\$601,281,558	\$662,860,933