

STATISTICAL UPDATE

ECONOMIC AND FISCAL IMPACTS

ASSOCIATED WITH THE VACATION TRAVEL INDUSTRY

IN SOUTH DAKOTA

NOVEMBER 2002 THROUGH OCTOBER 2003

January 2004

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THE SOUTH DAKOTA OFFICE OF TOURISM

FOREWORD

The following document is a statistical compilation of estimated expenditure impacts that are traceable to the visitor industry in South Dakota. South Dakota 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 20 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, 2002, to October 31, 2003. Thus, the 2003 travel year focused on in this document includes all of the months of 2003 except for the 2002 months of November and December. This time span provides for the inclusion of the immediate past hunting season, which is of considerable importance to several counties in South Dakota.

This year, a slight modification was made to the regional definitions used in previous years. Douglas, Bon Homme and Yankton Counties have been moved from the Great Lakes region to the Southeast region. Also, Jerauld and Sanborn Counties have been moved from the Great Lakes region to the northeast region. These changes coincide with the regional boundaries followed by the four regional tourism associations in the state. See the map at the end of this document for regional boundaries.

STATISTICAL ABSTRACT

VISITOR SPENDING BY COUNTY

Visitor spending for lodging, food, and beverage, attractions, and miscellaneous retail items have been compiled for each county. Lodging, food, and beverage 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 1996 to 2003 for each county appears in **Table 1**. The reader is reminded that 2003 spending estimates begin in November of 2002 providing an analysis over a 12-month span of time. For example, data denoted as 2003 is actually for the time span November 1, 2002, to October 31, 2003. Thus, the 2003 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 1996 TO 2003				
YEAR	AURORA	COUNTY	BEADLE	COUNTY
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%
2003	1,238,749	-5.6%	6,391,729	1.0%
96-03 AVE. % CHANGE=		0.5%		1.1%
YEAR	BENNETT	COUNTY	BON HOMME	COUNTY
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%
2003	915,770	-18.0%	1,113,065	-10.3%
96-03 AVE. % CHANGE=		6.9%		-3.4%
YEAR	BROOKINGS	COUNTY	BROWN	COUNTY
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%
2003	10,488,644	11.6%	15,322,655	19.4%
96-03 AVE. % CHANGE=		10.8%		11.7%
YEAR	BRULE	COUNTY	BUFFALO	COUNTY
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 *
2003	9,387,018	1.2%	NA *	NA *
96-03 AVE. % CHANGE=		2.7%		NA *

* Not Available: Taxable sales not available for lodging, eating and drinking establishments for Buffalo County from 1998 to 2003.

TABLE 1 CONTINUED				
YEAR	BUTTE	COUNTY	CAMPBELL	COUNTY
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%
2003	5,667,450	1.8%	1,032,545	0.7%
96-03 AVE. % CHANGE=		4.9%		10.2%
YEAR	CHARLES MIX	COUNTY	CLARK	COUNTY
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%
2003	5,951,158	-16.8%	680,580	1.2%
96-03 AVE. % CHANGE=		-1.8%		-2.1%
YEAR	CLAY	COUNTY	CODINGTON	COUNTY
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%
2003	7,311,751	3.7%	14,704,118	4.5%
96-03 AVE. % CHANGE=		-4.4%		3.2%
YEAR	CORSON	COUNTY	CUSTER	COUNTY
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%
2003	655,763	26.3%	45,134,744	4.1%
96-03 AVE. % CHANGE=		0.6%		5.5%

TABLE 1 CONTINUED				
YEAR	DAVISON	COUNTY	DAY	COUNTY
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%
2003	25,404,403	1.5%	2,644,480	-6.2%
96-03 AVE. % CHANGE=		6.9%		2.7%
YEAR	DEUEL	COUNTY	DEWEY	COUNTY
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%
2003	1,055,326	2.5%	872,823	-8.4%
96-03 AVE. % CHANGE=		5.8%		-4.1%
YEAR	DOUGLAS	COUNTY	EDMUNDS	COUNTY
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%
2003	486,431	23.6%	706,686	0.9%
96-03 AVE. % CHANGE=		8.5%		5.5%
YEAR	FALL RIVER	COUNTY	FAULK	COUNTY
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%
2003	10,566,917	2.6%	678,230	9.0%
96-03 AVE. % CHANGE=		4.5%		6.3%

TABLE 1 CONTINUED				
YEAR	GRANT	COUNTY	GREGORY	COUNTY
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%
2003	1,999,881	-26.7%	1,680,178	3.6%
96-03 AVE. % CHANGE=		-3.3%		6.5%
YEAR	HAAKON	COUNTY	HAMLIN	COUNTY
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%
2003	720,130	-6.1%	1,220,931	50.5%
96-03 AVE. % CHANGE=		-3.8%		0.0%
YEAR	HAND	COUNTY	HANSON	COUNTY
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%
2003	1,749,594	-2.2%	602,799	14.0%
96-03 AVE. % CHANGE=		1.8%		16.0%
YEAR	HARDING	COUNTY	HUGHES	COUNTY
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%
2003	753,436	5.7%	14,400,302	4.4%
96-03 AVE. % CHANGE=		9.8%		4.9%

TABLE 1 CONTINUED				
YEAR	HUTCHINSON	COUNTY	HYDE	COUNTY
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%
2003	1,807,815	27.6%	377,553	19.6%
96-03 AVE. % CHANGE=		7.0%		4.2%
YEAR	JACKSON	COUNTY	JERAULD	COUNTY
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%
2003	7,720,572	11.0%	1,706,778	149.5%
96-03 AVE. % CHANGE=		-2.3%		42.1%
YEAR	JONES	COUNTY	KINGSBURY	COUNTY
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%
2003	5,269,183	-7.6%	2,854,279	25.9%
96-03 AVE. % CHANGE=		-0.1%		10.0%
YEAR	LAKE	COUNTY	LAWRENCE	COUNTY
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%
2003	3,424,542	48.4%	89,579,643	6.2%
96-03 AVE. % CHANGE=		-0.8%		7.8%

TABLE 1 CONTINUED				
YEAR	LINCOLN	COUNTY	LYMAN	COUNTY
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%
2003	5,967,165	-2.1%	10,615,462	0.9%
96-03 AVE. % CHANGE=		19.2%		5.5%
YEAR	MCCOOK	COUNTY	MCPHERSON	COUNTY
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%
2003	1,630,289	4.7%	768,233	-2.9%
96-03 AVE. % CHANGE=		-2.4%		6.9%
YEAR	MARSHALL	COUNTY	MEADE	COUNTY
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%
2003	1,820,196	13.0%	38,275,561	16.6%
96-03 AVE. % CHANGE=		1.3%		21.7%
YEAR	MELLETTE	COUNTY	MINER	COUNTY
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%
2003	379,404	-39.5%	686,999	37.7%
96-03 AVE. % CHANGE=		12.2%		14.2%

TABLE 1 CONTINUED				
YEAR	MINNEHAHA	COUNTY	MOODY	COUNTY
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%
2003	92,940,303	4.6%	6,303,594	3.2%
96-03 AVE. % CHANGE=		7.0%		2.3%
YEAR	PENNINGTON	COUNTY	PERKINS	COUNTY
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%
2003	184,548,939	4.1%	901,603	-11.3%
96-03 AVE. % CHANGE=		4.7%		0.4%
YEAR	POTTER	COUNTY	ROBERTS	COUNTY
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%
2003	2,971,591	6.8%	2,899,159	0.2%
96-03 AVE. % CHANGE=		-2.0%		0.0%
YEAR	SANBORN	COUNTY	SHANNON	COUNTY
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%
2003	669,829	-5.4%	789,924	58.8%
96-03 AVE. % CHANGE=		3.0%		6.7%

TABLE 1 CONTINUED				
YEAR	SPINK	COUNTY	STANLEY	COUNTY
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%
2003	2,248,024	2.4%	2,152,248	-2.5%
96-03 AVE. % CHANGE=		3.8%		45.6%
YEAR	SULLY	COUNTY	TRIPP	COUNTY
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%
2003	2,182,459	-2.5%	6,139,657	15.0%
96-03 AVE. % CHANGE=		-0.7%		18.2%
YEAR	TODD	COUNTY	TURNER	COUNTY
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%
2003	4,013,546	2.4%	1,305,170	17.0%
96-03 AVE. % CHANGE=		78.1%		8.5%
YEAR	UNION	COUNTY	WALWORTH	COUNTY
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%
2003	6,264,376	9.5%	4,583,937	11.9%
96-03 AVE. % CHANGE=		1.7%		-2.1%

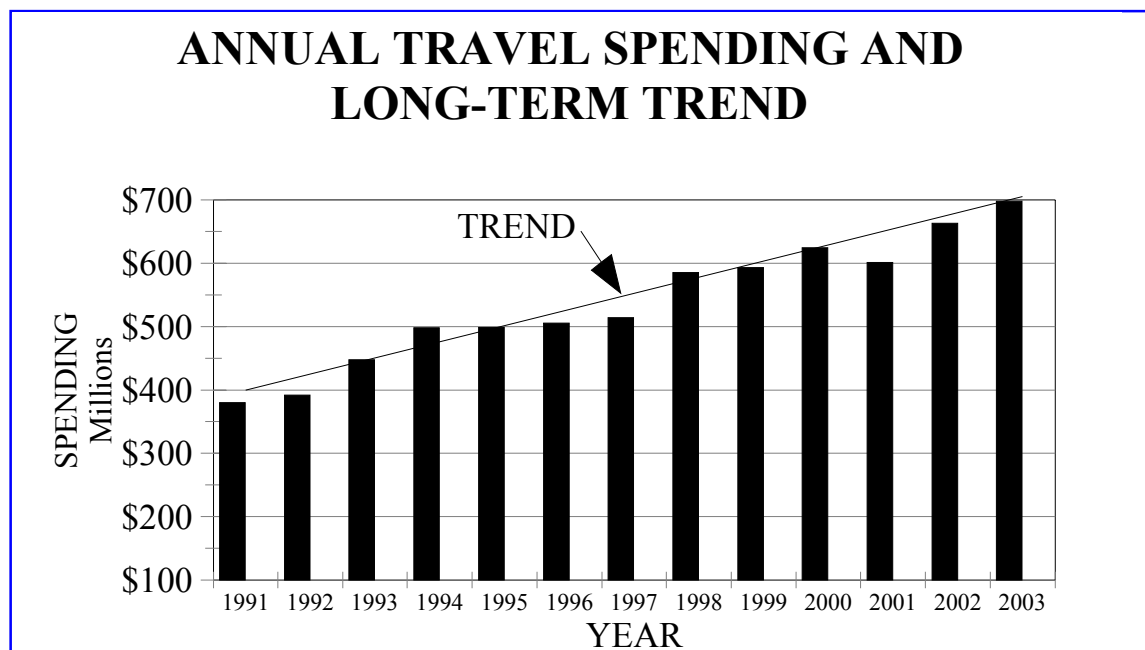
TABLE 1 CONTINUED		
YEAR	YANKTON	COUNTY
1996	10,368,409	4.1%
1997	11,383,783	9.8%
1998	12,100,801	6.3%
1999	12,206,674	0.9%
2000	12,614,813	3.3%
2001	11,387,520	-9.7%
2002	11,665,870	2.4%
2003	12,465,498	6.9%
96-03 AVE. % CHANGE=		2.9%
YEAR	ZIEBACH	COUNTY
1996	NA*	
1997	164,264	NA *
1998	171,506	4.4%
1999	184,329	7.5%
2000	122,807	-33.4%
2001	150,027	22.2%
2002	99,341	-33.8%
2003	169,816	70.9%
96-03 AVE. % CHANGE=		NA *
YEAR	SOUTH DAKOTA	
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	-3.9%
2002	662,860,933	10.2%
2003	697,971,635	5.3%
96-03 AVE. % CHANGE=		5.4%

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

The last page of Table 1 indicates that total visitor spending for the state of South Dakota totaled \$697,971,635 in 2003. This level of spending is the highest that has ever been achieved in South Dakota, and more than \$35 million more than the spending that occurred in 2002. Visitor spending in 2003 is estimated to be 5.3 percent higher than that recorded in 2002 which is virtually equal to the average annual growth realized since 1996.

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 2003 travel year into a long-run perspective. The vertical bars represent total visitor spending in the state from 1991 to 2003. The upward sloping trend line characterizes the overall long-run trend in expenditure volume.



Generally, it shows that the economic performance attained in 2003 is consistent with the long-term trend beginning in 1991.

Positive growth rates occurred in most Black Hills counties and a significant number of Glacial Lakes and Prairies region counties. Again this year, the weakest visitor spending levels were associated with counties along the Missouri River. Significant movements took place in various smaller population counties dispersed throughout the state as can be seen in Table 1. Brown County had the highest year over year growth in visitor spending in 2003 among the more populated South Dakota counties.

From a statewide perspective this year, the July through October portion of the visitor season experienced the strongest relative performance with May and June showing the weakest performance.

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 (Southeast South Dakota) contains the state's largest city, Sioux Falls, a portion of the Lewis and Clark Trail along the Missouri River, 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 2 (Glacial Lakes and Prairies) is dominated by the glacial lakes and fishing, camping and hunting. Region 3 (Great Lakes) constitutes most of the counties in proximity to the Missouri River and is noted for

outdoor recreation, including fishing and hunting, the Lewis and Clark Trail, 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	2002 EXPENDITURES	2003 EXPENDITURES	% CHANGE
Southeast South Dakota (1)	\$153,220,486 *	\$161,410,607	5.3%
Glacial Lakes and Prairies (2)	\$70,800,810 *	\$76,912,946	8.6%
Great Lakes (3)	\$62,240,335 *	\$62,115,332	-0.2%
Black Hills Badlands and Lakes (4)	\$376,599,302	\$397,532,750	5.6%
ENTIRE STATE	\$662,860,933	\$697,971,635	5.3%

* 2002 Regional Expenditures have been adjusted to reflect regional boundary changes.

A number of important observations can be made concerning the regional travel markets. As indicated in Table 2, Region 2, Glacial Lakes and Prairies, experienced the largest percentage increase in visitor spending. This year represents the highest annual growth for the northeast part of the state since 1997. This region was positively influenced by Brown and Brookings Counties as well as a number of smaller counties in that portion of the state.

Spending in both the Western and Southeast regions rose by 5.6 and 5.3 percent respectively.

Expenditures this year in the Great Lakes Region were virtually the same as achieved last year. Many counties within this region experienced negative visitor volume in 2003. These counties include Sully, Stanley, Dewey and Charles Mix.

REGIONAL SHARES

Table 3 below illustrates the market share of each of the four regions as they are defined in this document. These regional shares are not directly comparable to similar measures from earlier years because of modifications of the regional boundaries. This year, Southeastern South Dakota accounts for slightly less than one-fourth of state volume. The northeast and Missouri River regions together account for about 20 percent with the balance of state visitor volume concentrated in the western region.

TABLE 3

VISITOR EXPENDITURES BY REGIONAL SHARE		
REGION	2003 VOLUME	PERCENT
Southeast South Dakota (1)	\$161,410,607	23.1%
Glacial Lakes and Prairies (2)	\$76,912,946	11.0%
Great Lakes (3)	\$62,115,332	8.9%
Black Hills Badlands and Lakes (4)	\$397,532,750	57.0%
ENTIRE STATE	\$697,971,635	100.0%

SPENDING CHANGES SINCE 1996

The following table summarizes changes in visitor volume that have occurred in each region since 1996. In addition, data for the entire state is included. Statewide annual growth in nominal expenditures has varied from 13.8 percent in 1998 to -3.7 percent in 2001.

Since 1996, annual vacation travel volume has increased in the entire state on average by 4.8 percent with respect to expenditures. Average regional growth has varied from 2.1 percent to 5.6 percent annually since 1996. 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	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	AVE
Southeast South Dakota (1)	3.9%	16.7%	-0.6%	1.6%	0.5%	4.7%	5.3%	4.6%
Glacial Lakes and Prairies (2)	8.7%	8.2%	-1.3%	3.3%	-1.9%	5.1%	8.6%	4.4%
Great Lakes (3)	4.2%	4.5%	-1.8%	1.8%	4.3%	1.8%	-0.2%	2.1%
B. Hills Badlands and Lakes (4)	-1.3%	15.6%	3.5%	7.9%	-7.2%	15.3%	5.6%	5.6%
ENTIRE STATE	1.7%	13.8%	1.4%	5.2%	-3.7%	10.2%	5.3%	4.8%

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 2003, the rate of inflation equated to 2.1 percent.

As illustrated in Table 5, nominal growth in visitor spending from 1989 to 2003 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 2003, the *real* rate of growth in travel spending amounted to 3.2 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
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%
2003	5.3%	2.1%	3.2%
Arithmetic Averages:	6.7%	2.9%	3.7%

Annual increases in real spending growth in South Dakota have averaged 3.7 percent during the period encompassed in the preceding table.

EMPLOYMENT CHANGES

It has been estimated that in 2002 there were about 31,022 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 2003 approximated 31,828, an increase of more than 800 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
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
2003	31,828

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 beverage, lodging and amusement. 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 2003, a total state economic impact of about \$1,745,000,000 is generated by \$698 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 2003, about \$511.6 million in visitor spending is subject to the 4 percent state sales tax. Thus, state sales tax collections arising from vacation travelers in 2003 are estimated to be \$20,465,000. This is more than \$765,000 higher than the amount paid by vacation travelers in 2002.

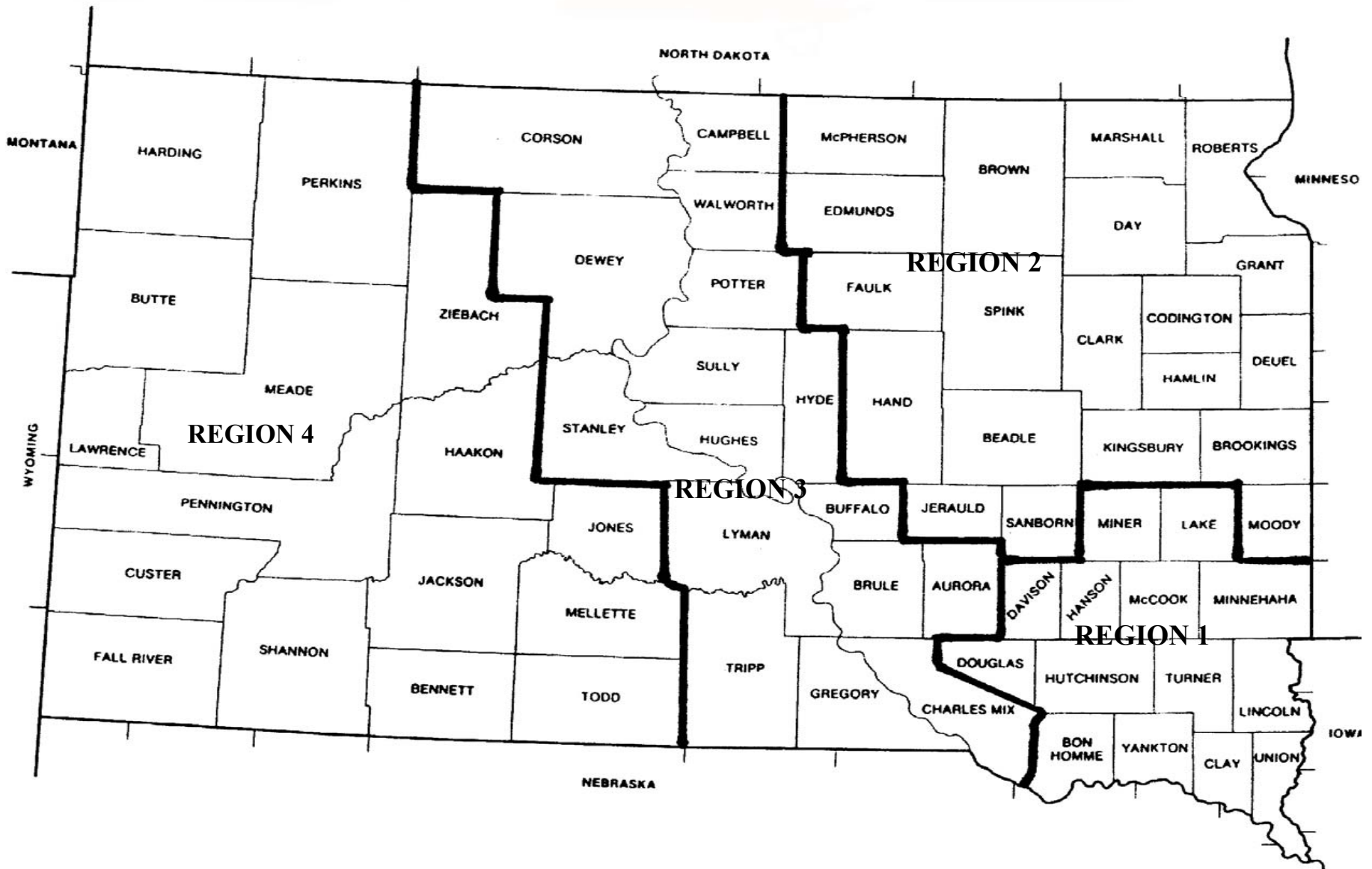
Sales taxes assessed by municipalities interact heavily with the visitor industry and the proportion of such taxes collected which are paid by visitors is substantial. No attempt is made to estimate this fiscal impact in this report.

Gasoline purchases were taxed at the rate of 22 cents per gallon in South Dakota during the study period. Assuming an average price of \$1.64 per gallon for fuel purchases, 101.1 million gallons are estimated to have been purchased by vacation travelers. Applying the 22 cent tax rate to the amount sold yields \$22,246,000 in 2003 state gasoline tax receipts and represents an increase of about \$1.43 million or a rise of 6.9 percent compared to 2002.

Accordingly, total state sales and gasoline tax receipts directly traceable to visitors are estimated to be \$42,711,000 in 2003.

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7. 1994 Impact of Travel on State Economies, US Travel Data Center, 2000.



APPENDIX B

VISITOR EXPENDITURES BY REGION, 1996 TO 2003								
REGION	1996	1997	1998	1999	2000	2001	2002	2003
Southeast South Dakota (1)	118,724,876	123,396,021	143,973,903	143,179,986	145,501,443	146,292,207	153,220,486	161,410,607
Glacial Lakes and Prairies (2)	57,263,971	62,246,973	67,363,924	66,490,557	68,678,898	67,340,988	70,800,810	76,912,946
Great Lakes (3)	53,869,534	56,141,007	58,665,284	57,590,096	58,616,615	61,136,273	62,240,335	62,115,332
Black Hills Badlands & Lakes (4)	275,898,215	272,335,860	314,894,016	326,066,192	351,672,278	326,512,090	376,599,302	397,532,750
ENTIRE STATE	\$505,756,596	\$514,119,860	\$584,897,126	\$593,326,831	\$624,469,235	\$601,281,558	\$662,860,933	\$697,971,635