

STATISTICAL UPDATE

ECONOMIC AND FISCAL IMPACTS

ASSOCIATED WITH THE VACATION TRAVEL
INDUSTRY

IN SOUTH DAKOTA

NOVEMBER 2009 THROUGH OCTOBER 2010

January 2011

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Commissioned by:

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 and regulation 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 26 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 Nov. 1, 2009, to Oct. 31, 2010. Thus, the 2010 twelve-month travel year focused on in this document includes the last two months of 2009 and the first 10 months of 2010. This time span provides for the inclusion of the major part of the immediate past hunting season, which is of considerable importance to many counties in South Dakota.

The study provides comparative statistics at regional and county levels. Readers can therefore focus on areas of the state that are of greatest interest to them. The regional definitions 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 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 on a county-by-county basis.

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 these counties 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 2003 to 2010 for each county appears in **Table 1**. The reader is reminded that 2010 spending estimates begin in November of 2009, providing an analysis over a 12-month span of time. For example, data denoted as 2010 is actually for the time span Nov. 1, 2009, to Oct. 31, 2010. Thus, the 2010 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 2001 TO 2008				
YEAR	AURORA	COUNTY	BEADLE	COUNTY
2003	1,238,749	-5.6%	6,391,729	1.0%
2004	1,305,295	5.4%	8,148,620	27.5%
2005	1,944,565	49.0%	8,707,253	6.9%
2006	1,798,429	-7.5%	9,327,444	7.1%
2007	1,843,190	2.5%	10,153,976	8.9%
2008	2,643,890	43.4%	10,041,212	-1.1%
2009	2,755,659	4.2%	10,348,075	3.1%
2010	2,889,108	4.8%	10,437,664	0.9%
03-10 AVE % CHANGE		19.0%	9.0%	
YEAR	BENNETT	COUNTY	BON HOMME	COUNTY
2003	915,770	-18.0%	1,113,065	-10.3%
2004	821,777	-10.3%	1,174,627	5.5%
2005	678,359	-17.5%	1,563,204	33.1%
2006	741,815	9.4%	1,427,952	-8.7%
2007	872,106	17.6%	1,579,627	10.6%
2008	810,078	-7.1%	1,688,436	6.9%
2009	1,093,748	35.0%	1,659,677	-1.7%
2010	1,177,106	7.6%	1,836,615	10.7%
03-10 AVE % CHANGE		4.1%	9.3%	
YEAR	BROOKINGS	COUNTY	BROWN	COUNTY
2003	10,488,644	11.6%	15,322,655	19.4%
2004	11,336,391	8.1%	17,595,552	14.8%
2005	11,158,567	-1.6%	18,057,204	2.6%
2006	11,760,910	5.4%	18,445,314	2.1%
2007	13,881,621	18.0%	20,572,420	11.5%
2008	13,388,285	-3.6%	22,131,129	7.6%
2009	18,102,393	35.2%	24,159,574	9.2%
2010	20,663,078	14.1%	26,493,108	9.7%
03-10 AVE % CHANGE		13.9%	10.4%	
YEAR	BRULE	COUNTY	BUTTE	COUNTY
2003	9,279,991	6.4%	5,568,092	9.4%
2004	9,387,018	1.2%	5,667,450	1.8%
2005	9,544,139	1.7%	6,038,924	6.6%
2006	9,589,953	0.5%	7,529,762	24.7%
2007	11,192,932	16.7%	8,216,332	9.1%
2008	12,761,162	14.0%	8,557,980	4.2%
2009	18,924,604	48.3%	9,598,903	12.2%
2010	16,981,993	-10.3%	7,282,729	-24.1%
03-10 AVE % CHANGE		11.9%	4.4%	

TABLE 1 CONTINUED				
YEAR	CAMPBELL	COUNTY	CHARLES MIX	COUNTY
2003	1,032,545	0.7%	5,951,158	-16.8%
2004	934,916	-9.5%	5,557,231	-6.6%
2005	916,114	-2.0%	5,736,531	3.2%
2006	920,835	0.5%	5,073,837	-11.6%
2007	939,900	2.1%	5,318,201	4.8%
2008	1,014,405	7.9%	5,544,606	4.3%
2009	1,184,506	16.8%	4,359,184	-21.4%
2010	1,057,988	-10.7%	5,019,920	15.2%
03-10 AVE % CHANGE		0.4%	-2.2%	
YEAR	CLARK	COUNTY	CLAY	COUNTY
2003	680,580	1.2%	7,311,751	3.7%
2004	945,088	38.9%	8,020,025	9.7%
2005	1,070,208	13.2%	8,953,444	11.6%
2006	1,051,414	-1.8%	7,244,666	-19.1%
2007	1,775,933	68.9%	8,119,996	12.1%
2008	1,597,455	-10.0%	8,392,922	3.4%
2009	1,900,818	19.0%	10,806,142	28.8%
2010	2,260,773	18.9%	11,054,456	2.3%
03-10 AVE % CHANGE		33.2%	7.3%	
YEAR	CODINGTON	COUNTY	CORSON	COUNTY
2003	14,704,118	4.5%	655,763	26.3%
2004	15,494,561	5.4%	590,775	-9.9%
2005	17,072,828	10.2%	668,069	13.1%
2006	17,911,884	4.9%	842,061	26.0%
2007	19,224,596	7.3%	1,212,534	44.0%
2008	19,754,162	2.8%	2,502,166	106.4%
2009	18,811,809	-4.8%	2,014,877	-19.5%
2010	19,596,866	4.2%	684,214	-66.0%
03-10 AVE % CHANGE		4.8%	0.6%	
YEAR	CUSTER	COUNTY	DAVISON	COUNTY
2003	45,134,744	4.1%	25,404,403	1.5%
2004	47,749,103	5.8%	28,110,904	10.7%
2005	50,683,764	6.1%	28,500,666	1.4%
2006	53,321,962	5.2%	32,279,619	13.3%
2007	55,520,771	4.1%	33,918,651	5.1%
2008	61,943,024	11.6%	32,339,905	-4.7%
2009	67,794,992	9.4%	34,700,763	7.3%
2010	74,157,792	9.4%	36,670,337	5.7%
03-10 AVE % CHANGE		9.2%	6.3%	

TABLE 1 CONTINUED				
YEAR	DAY	COUNTY	DEUEL	COUNTY
2003	2,644,480	-6.2%	1,055,326	2.5%
2004	2,792,427	5.6%	884,438	-16.2%
2005	2,801,456	0.3%	1,142,610	29.2%
2006	2,381,495	-15.0%	1,279,161	12.0%
2007	3,476,949	46.0%	1,523,042	19.1%
2008	4,131,037	18.8%	1,631,757	7.1%
2009	4,428,085	7.2%	1,894,160	16.1%
2010	4,463,770	0.8%	2,511,957	32.6%
03-10 AVE % CHANGE		9.8%		19.7%
YEAR	DEWEY	COUNTY	DOUGLAS	COUNTY
2003	872,823	-8.4%	486,431	23.6%
2004	748,740	-14.2%	414,003	-14.9%
2005	674,783	-9.9%	443,317	7.1%
2006	933,809	38.4%	798,501	80.1%
2007	991,171	6.1%	1,356,358	69.9%
2008	1,379,874	39.2%	1,118,366	-17.5%
2009	1,792,388	29.9%	1,095,433	-2.1%
2010	1,347,206	-24.8%	1,175,595	7.3%
03-10 AVE % CHANGE		7.8%		20.2%
YEAR	EDMUNDS	COUNTY	FALL RIVER	COUNTY
2003	706,686	0.9%	10,566,917	2.6%
2004	971,676	37.5%	9,984,483	-5.5%
2005	1,450,167	49.2%	11,534,197	15.5%
2006	1,326,408	-8.5%	11,993,072	4.0%
2007	1,649,615	24.4%	12,175,925	1.5%
2008	1,869,462	13.3%	12,284,867	0.9%
2009	1,781,428	-4.7%	13,569,082	10.5%
2010	1,703,671	-4.4%	14,747,787	8.7%
03-10 AVE % CHANGE		20.2%		5.7%
YEAR	FAULK	COUNTY	GRANT	COUNTY
2003	678,230	9.0%	1,999,881	-26.7%
2004	832,385	22.7%	2,307,430	15.4%
2005	1,222,321	46.8%	2,715,310	17.7%
2006	1,385,715	13.4%	3,304,445	21.7%
2007	1,782,763	28.7%	4,106,506	24.3%
2008	2,071,132	16.2%	4,444,497	8.2%
2009	1,950,881	-5.8%	4,134,056	-7.0%
2010	2,602,901	33.4%	4,556,525	10.2%
03-10 AVE % CHANGE		40.5%		18.3%

TABLE 1 CONTINUED				
YEAR	GREGORY	COUNTY	HAAKON	COUNTY
2003	1,680,178	3.6%	720,130	-6.1%
2004	2,174,870	29.4%	557,556	-22.6%
2005	2,119,657	-2.5%	540,328	-3.1%
2006	2,262,311	6.7%	613,717	13.6%
2007	3,368,876	48.9%	773,161	26.0%
2008	4,905,092	45.6%	728,232	-5.8%
2009	4,508,609	-8.1%	800,437	9.9%
2010	5,622,380	24.7%	882,215	10.2%
03-10 AVE % CHANGE		33.5%		3.2%
YEAR	HAMLIN	COUNTY	HAND	COUNTY
2003	1,220,931	50.5%	1,749,594	-2.2%
2004	1,271,563	4.1%	1,251,047	-28.5%
2005	1,381,936	8.7%	1,562,118	24.9%
2006	1,272,479	-7.9%	1,622,138	3.8%
2007	1,385,568	8.9%	1,859,756	14.6%
2008	1,279,512	-7.7%	1,946,660	4.7%
2009	867,171	-32.2%	2,840,563	45.9%
2010	807,230	-6.9%	3,084,440	8.6%
02-10 AVE % CHANGE		-4.8%		10.9%
YEAR	HANSON	COUNTY	HARDING	COUNTY
2003	602,799	14.0%	753,436	5.7%
2004	576,848	-4.3%	604,733	-19.7%
2005	583,469	1.1%	680,883	12.6%
2006	593,305	1.7%	641,663	-5.8%
2007	739,210	24.6%	519,809	-19.0%
2008	836,301	13.1%	805,039	54.9%
2009	1,216,912	45.5%	869,957	8.1%
2010	1,291,664	6.1%	1,085,579	24.8%
03-10 AVE % CHANGE		16.3%		6.3%
YEAR	HUGHES	COUNTY	HUTCHINSON	COUNTY
2003	14,400,302	4.4%	1,807,815	27.6%
2004	15,920,099	10.6%	1,618,725	-10.5%
2005	15,401,272	-3.3%	2,121,411	31.1%
2006	15,348,527	-0.3%	1,694,541	-20.1%
2007	18,697,665	21.8%	1,990,446	17.5%
2008	25,093,423	34.2%	1,953,098	-1.9%
2009	21,079,317	-16.0%	2,257,595	15.6%
2010	22,040,474	4.6%	2,584,097	14.5%
03-10 AVE % CHANGE		7.6%		6.1%

TABLE 1 CONTINUED				
YEAR	HYDE COUNTY	JACKSON COUNTY		
2003	377,553	19.6%	7,720,572	11.0%
2004	352,054	-6.8%	8,253,541	6.9%
2005	327,819	-6.9%	8,443,807	2.3%
2006	378,284	15.4%	8,466,879	0.3%
2007	349,637	-7.6%	8,870,329	4.8%
2008	262,271	-25.0%	8,797,026	-0.8%
2009	197,026	-24.9%	9,009,301	2.4%
2010	192,250	-2.4%	10,242,661	13.7%
03-10 AVE % CHANGE		-7.0%		4.7%
YEAR	JERAULD COUNTY	JONES COUNTY		
2003	1,706,778	149.5%	5,269,183	-7.6%
2004	1,893,356	10.9%	5,563,007	5.6%
2005	2,067,677	9.2%	6,124,529	10.1%
2006	1,104,400	-46.6%	5,930,296	-3.2%
2007	1,044,127	-5.5%	6,397,247	7.9%
2008	1,342,592	28.6%	6,740,599	5.4%
2009	990,745	-26.2%	7,869,639	16.7%
2010	650,900	-34.3%	8,244,220	4.8%
03-10 AVE % CHANGE		-8.8%		8.1%
YEAR	KINGSBURY COUNTY	LAKE COUNTY		
2003	2,854,279	25.9%	3,424,542	48.4%
2004	3,127,829	9.6%	3,562,668	4.0%
2005	3,641,163	16.4%	5,370,960	50.8%
2006	3,123,535	-14.2%	5,345,787	-0.5%
2007	3,277,086	4.9%	5,727,857	7.1%
2008	3,523,176	7.5%	5,656,995	-1.2%
2009	3,501,475	-0.6%	5,745,050	1.6%
2010	4,460,793	27.4%	5,583,806	-2.8%
03-10 AVE % CHANGE		8.0%		9.0%
YEAR	LAWRENCE COUNTY	LINCOLN COUNTY		
2003	89,579,643	6.2%	5,967,165	-2.1%
2004	99,660,780	11.3%	5,868,114	-1.7%
2005	108,093,024	8.5%	6,137,884	4.6%
2006	116,150,596	7.5%	8,763,802	42.8%
2007	120,850,811	4.0%	11,118,061	26.9%
2008	115,705,199	-4.3%	10,763,156	-3.2%
2009	114,298,300	-1.2%	8,263,772	-23.2%
2010	131,146,374	14.7%	5,824,115	-29.5%
03-10 AVE % CHANGE		6.6%		-0.3%

TABLE 1 CONTINUED				
YEAR	LYMAN	COUNTY	MCCOOK	COUNTY
2003	10,615,462	0.9%	1,630,289	4.7%
2004	11,673,521	10.0%	1,658,863	1.8%
2005	10,741,039	-8.0%	1,681,632	1.4%
2006	9,070,765	-15.6%	1,515,726	-9.9%
2007	8,784,704	-3.2%	1,811,587	19.5%
2008	8,687,169	-1.1%	1,487,608	-17.9%
2009	8,597,189	-1.0%	1,525,680	2.6%
2010	8,546,107	-0.6%	1,578,859	3.5%
03-10 AVE % CHANGE		-2.8%		-0.5%
YEAR	MCPHERSON	COUNTY	MARSHALL	COUNTY
2003	768,233	-2.9%	1,820,196	13.0%
2004	773,384	0.7%	1,904,778	4.6%
2005	763,752	-1.2%	1,943,204	2.0%
2006	952,948	24.8%	2,125,550	9.4%
2007	911,140	-4.4%	2,924,302	37.6%
2008	639,194	-29.8%	3,317,967	13.5%
2009	671,669	5.1%	3,165,763	-4.6%
2010	725,623	8.0%	2,720,679	-14.1%
03-10 AVE % CHANGE		-0.8%		7.1%
YEAR	MEADE	COUNTY	MELLETTE	COUNTY
2003	38,275,561	16.6%	379,404	-39.5%
2004	48,750,674	27.4%	278,265	-26.7%
2005	53,096,387	8.9%	257,987	-7.3%
2006	59,860,362	12.7%	269,076	4.3%
2007	61,281,987	2.4%	235,543	-12.5%
2008	60,608,540	-1.1%	206,268	-12.4%
2009	60,200,053	-0.7%	235,521	14.2%
2010	70,381,061	16.9%	237,217	0.7%
03-10 AVE % CHANGE		12.0%		-5.4%
YEAR	MINER	COUNTY	MINNEHAHA	COUNTY
2003	686,999	37.7%	92,940,303	4.6%
2004	745,329	8.5%	97,998,790	5.4%
2005	820,496	10.1%	105,648,529	7.8%
2006	810,595	-1.2%	116,163,866	10.0%
2007	778,432	-4.0%	121,967,789	5.0%
2008	1,082,163	39.0%	117,243,215	-3.9%
2009	1,335,751	23.4%	101,968,934	-13.0%
2010	1,161,937	-13.0%	112,465,343	10.3%
03-10 AVE % CHANGE		9.9%		3.0%

TABLE 1 CONTINUED				
YEAR	MOODY	COUNTY	PENNINGTON	COUNTY
2003	6,303,594	3.2%	184,548,939	4.1%
2004	7,179,163	13.9%	197,421,263	7.0%
2005	6,805,846	-5.2%	216,454,347	9.6%
2006	8,135,074	19.5%	235,873,376	9.0%
2007	8,289,640	1.9%	269,606,033	14.3%
2008	8,447,144	1.9%	271,593,559	0.7%
2009	8,607,639	1.9%	272,912,991	0.5%
2010	8,831,438	2.6%	304,229,485	11.5%
03-10 AVE % CHANGE		5.7%		9.3%
YEAR	PERKINS	COUNTY	POTTER	COUNTY
2003	901,603	-11.3%	2,971,591	6.8%
2004	1,021,756	13.3%	2,937,105	-1.2%
2005	1,317,010	28.9%	3,158,110	7.5%
2006	1,239,714	-5.9%	3,118,439	-1.3%
2007	1,340,332	8.1%	3,652,405	17.1%
2008	1,642,958	22.6%	4,351,813	19.1%
2009	2,301,477	40.1%	4,439,628	2.0%
2010	2,712,373	17.9%	4,763,801	7.3%
03-10 AVE % CHANGE		28.7%		8.6%
YEAR	ROBERTS	COUNTY	SANBORN	COUNTY
2003	2,899,159	0.2%	669,829	-5.4%
2004	3,418,842	17.9%	714,282	6.6%
2005	3,315,292	-3.0%	788,244	10.4%
2006	3,110,839	-6.2%	661,855	-16.0%
2007	3,406,864	9.5%	800,902	21.0%
2008	3,800,576	11.6%	940,182	17.4%
2009	3,854,075	1.4%	935,828	-0.5%
2010	4,274,295	10.9%	952,763	1.8%
03-10 AVE % CHANGE		6.8%		6.0%
YEAR	SHANNON	COUNTY	SPINK	COUNTY
2003	789,924	58.8%	2,248,024	2.4%
2004	866,902	9.7%	2,188,690	-2.6%
2005	913,237	5.3%	2,507,238	14.6%
2006	1,070,256	17.2%	3,155,970	25.9%
2007	928,309	-13.3%	3,031,407	-3.9%
2008	1,306,755	40.8%	3,563,474	17.6%
2009	1,840,522	40.8%	3,744,289	5.1%
2010	2,469,796	34.2%	4,287,145	14.5%
03-10 AVE % CHANGE		30.4%		13.0%

TABLE 1 CONTINUED				
YEAR	STANLEY	COUNTY	SULLY	COUNTY
2003	2,152,248	-2.5%	2,182,459	-2.5%
2004	2,307,688	7.2%	2,082,398	-4.6%
2005	2,504,149	8.5%	2,082,039	0.0%
2006	2,808,871	12.2%	2,157,189	3.6%
2007	2,667,006	-5.1%	2,195,335	1.8%
2008	4,679,547	75.5%	2,659,641	21.1%
2009	4,557,767	-2.6%	2,437,950	-8.3%
2010	5,759,063	26.4%	2,771,461	13.7%
03-10 AVE % CHANGE		23.9%	3.9%	
YEAR	TODD	COUNTY	TRIPP	COUNTY
2003	6,139,657	15.0%	4,013,546	2.4%
2004	5,391,624	-12.2%	3,997,247	-0.4%
2005	4,957,359	-8.1%	3,716,931	-7.0%
2006	4,219,154	-14.9%	4,154,770	11.8%
2007	4,193,105	-0.6%	4,589,057	10.5%
2008	5,303,939	26.5%	4,267,966	-7.0%
2009	5,283,833	-0.4%	4,706,665	10.3%
2010	5,495,539	4.0%	5,425,564	15.3%
03-10 AVE % CHANGE		-1.5%	5.0%	
YEAR	TURNER	COUNTY	UNION	COUNTY
2003	1,305,170	17.0%	6,264,376	9.5%
2004	1,014,337	-22.3%	5,465,330	-12.8%
2005	1,001,130	-1.3%	5,739,563	5.0%
2006	1,002,214	0.1%	5,945,768	3.6%
2007	1,058,320	5.6%	6,129,294	3.1%
2008	1,148,771	8.5%	5,836,363	-4.8%
2009	1,159,113	0.9%	6,115,650	4.8%
2010	1,063,099	-8.3%	5,773,272	-5.6%
03-10 AVE % CHANGE		-2.6%	-1.1%	
YEAR	WALWORTH	COUNTY	YANKTON	COUNTY
2003	4,583,937	11.9%	12,465,498	6.9%
2004	4,557,774	-0.6%	13,147,078	5.5%
2005	4,122,146	-9.6%	15,477,341	17.7%
2006	4,158,181	0.9%	14,682,601	-5.1%
2007	4,749,872	14.2%	15,237,187	3.8%
2008	5,997,629	26.3%	16,404,566	7.7%
2009	5,985,376	-0.2%	17,030,756	3.8%
2010	6,527,996	9.1%	18,279,976	7.3%
03-10 AVE % CHANGE		6.1%	6.7%	

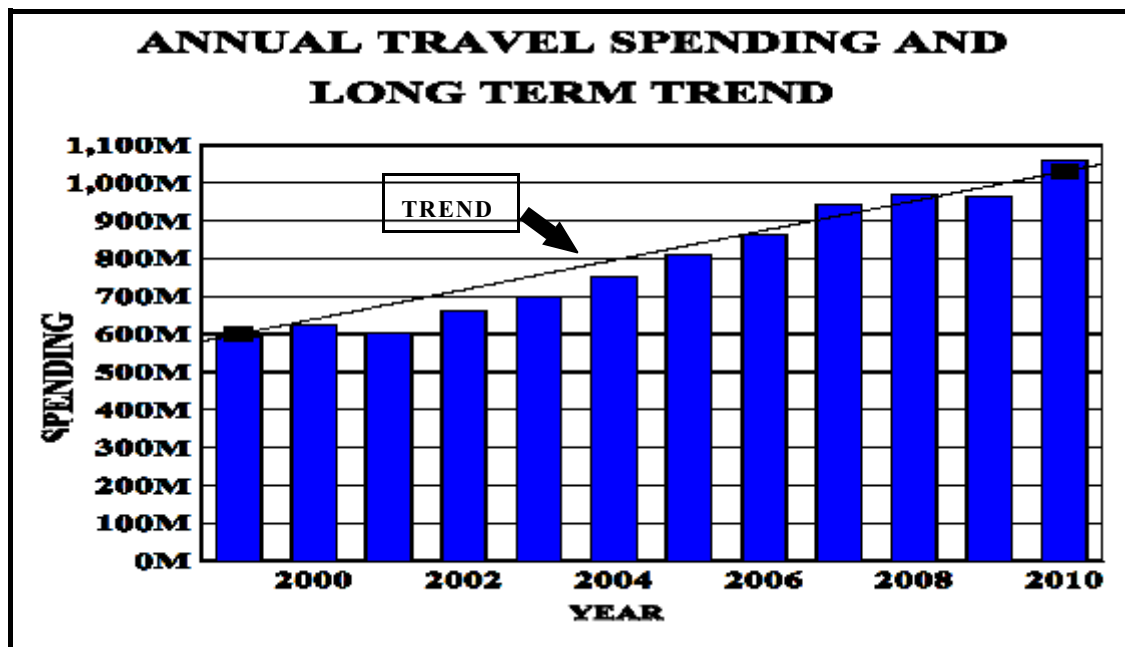
TABLE 1 CONTINUED		
YEAR	ZIEBACH	COUNTY
2003	169,816	70.9%
2004	145,071	-14.6%
2005	177,252	22.2%
2006	319,915	80.5%
2007	202,744	-36.6%
2008	227,139	12.0%
2009	170,263	-25.0%
2010	106,197	-37.6%
03-10 AVE % CHANGE		-5.4%
YEAR	SOUTH DAKOTA	
2003	697,971,635	5.3%
2004	752,200,454	7.8%
2005	809,402,850	7.6%
2006	864,855,345	6.9%
2007	941,057,935	8.8%
2008	967,028,692	2.8%
2009	962,702,704	-0.4%
2010	1,059,201,417	10.0%
03-10 AVE % CHANGE		7.4%

The last page of **Table 1** indicates that total visitor spending for the state of South Dakota totaled \$1,059,201,417 in 2010. This represents an increase of over **\$96 million** in vacation travel spending over the immediate past year and is the largest dollar increase since tracking of spending began in 1983. Prior to 2010, the highest increase in spending occurred in 2007 which exceeded 2006 about \$76 million.

In contrast to many immediate past years, the rise in spending in 2010 is not entirely traced to the rise in fuel prices. The average price of gasoline as recorded by *SouthDakotaGasPrices.com* was about \$2.70 during the overall travel season in 2010 which is only 25 cents higher than in 2009 but yet is 90 cents *lower* than the all-time high of \$3.60 per gallon in 2008. However, unit

fuel costs did inch up by approximately 10 percent in the past year for travelers which prevented some of the increased overall spending to be diverted disproportionately to fuel costs.

The following graph allows one to put the 2010 travel year into a long-run perspective. The vertical bars represent total visitor spending in the state from 1999 through 2010. The upward-sloping line characterizes the overall long-run trend in expenditure volume. Perhaps the most important aspect of this growth pattern is the fact that, since 2002, the industry is now on a much more stable and consistent growth path than has been the case in earlier years.



Generally, it shows that the economic performance attained in 2010 exceeds the long-term trend. The slight drop in 2009 is somewhat misleading since the drop in motor fuel prices allowed total gross spending to fall - even as spending for other items increased significantly. The growth in spending in 2010 seems to have occurred because of overall higher volumes of travelers in South Dakota in the most recent year.

State-wide growth statistics were heavily influenced by substantial travel volumes during the peak season in the northern Black Hills area, apparently due to a busier-than-usual motorcycle rally and

perhaps other summer events and promotions. The counties most benefitting include Meade, Lawrence, Butte and also Pennington.

The month of August was easily the largest travel volume month of the year, both in absolute terms and in percentage increase over last year. All portions of the travel season exhibited strength in 2010.

REGIONAL EXPENDITURES

South Dakota possesses a multi-faceted visitor market. Different attributes within the state have proven to appeal to varied market segments within the industry. These market segments exhibit somewhat different relative seasonal 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 this 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 the fishing, camping and hunting they afford. 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	2009 EXPENDITURES	2010 EXPENDITURES	% CHANGE
Southeast South Dakota (1)	\$194,881,227	\$206,343,171	5.9%
Glacial Lakes and Prairies (2)	\$116,690,498	\$126,085,619	8.1%
Great Lakes (3)	\$85,598,135	\$90,809,460	6.1%
Black Hills, Badlands and Lakes (4)	\$565,532,844	\$635,963,167	12.5%
ENTIRE STATE	\$962,702,704	\$1,059,201,417	10.0%

A number of important observations can be made concerning the regional travel markets. Spending in Region 1, Southeast South Dakota, indicated an expansion of 5.9 percent in vacation travel spending and more than offset the drop in travel spending that occurred in 2009 in this region. Minnehaha and Yankton Counties were among the larger regional counties with the highest percentage growth. Smaller counties such as Hutchinson, Bon Homme, and Douglas also were at the top in terms of growth.

An annual growth rate of 8.1 percent was achieved in Region 2 which makes up the north and east quadrant of the state. Brookings, Spink, Clark, Kingsbury, Deuel and Faulk Counties all experienced rates of growth that contributed significantly to the region's performance. The intra-year pattern in nearly all of the smaller counties in this region points to hunting and/or fishing activity accounting for much of their favorable visitor volume this year. The growth in 2010 follows several consecutive favorable years for this region.

As indicated in Table 2, Region 3, Great Lakes, experienced an estimated expansion of 6.1 percent in total spending in 2010. A major recovery in travel spending occurred in 2008 as the Missouri River reservoirs began filling after several years of drought in up-stream states. The region has continued to gain after the negative impact of low water in earlier years. The southern counties of this region led growth in the current year.

Region 4, the Black Hills Badlands and Lakes, experienced annual growth of 12.5% percent in 2010. As mentioned earlier the northern counties of the Black Hills appear to have led the region, but other counties along the I90 corridor also did very well. All counties that are most dependent on the Sturgis motorcycle rally experienced significantly lower spending volume in August of 2009, but spending reversed itself in 2010, and probably resulted in the most rally-impacted counties to experience one of the best years ever in July and August.

REGIONAL SHARES

Table 3 below illustrates the market share of each of the four regions as they are defined in this document. This year, Southeast South Dakota accounts for 19.5 percent of state volume. The northeast and Missouri River regions together account for about another 21 percent with the balance of state visitor volume concentrated in the western region. The regional shares in 2010 have shifted somewhat to Region 4, Black Hills, Badlands and Lakes since it leads the state in growth this year.

TABLE 3

VISITOR EXPENDITURES BY REGIONAL SHARE			
REGION	2009 EXPENDITURES	2010 EXPENDITURES	2010 PERCENT
Southeast South Dakota (1)	\$194,881,227	\$206,343,171	19.5%
Glacial Lakes and Prairies (2)	\$116,690,498	\$126,085,619	11.9%
Great Lakes (3)	\$85,598,135	\$90,809,460	8.6%
Black Hills, Badlands and Lakes (4)	\$565,532,844	\$635,963,167	60.0%
ENTIRE STATE	\$962,702,704	\$1,059,201,417	100.0%

SPENDING CHANGES SINCE 2004

The following table summarizes changes in visitor volume that have occurred in each region since 2004. In addition, data for the entire state is included. Statewide annual growth in nominal expenditures has varied from -0.4 percent in 2009 to 10.0% in 2010. Of course the reduction that

occurred in 2009 was primarily afforded by the dramatic drop in required motor fuel expenditures.

TABLE 4

ANNUAL PERCENTAGE CHANGES IN VISITOR SPENDING VOLUME AND CHANGE BY REGION								
REGION	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	AVE
Southeast South Dakota (1)	4.9%	8.7%	7.7%	6.7%	-2.6%	-5.4%	5.9%	3.7%
Glacial Lakes and Prairies (2)	10.6%	6.0%	3.6%	12.5%	4.6%	6.2%	8.0%	7.3%
Great Lakes (3)	4.1%	-1.5%	0.8%	12.3%	28.8%	-7.9%	6.1%	6.1%
B. Hills, Badlands and Lakes (4)	8.9%	8.9%	7.9%	8.5%	1.1%	1.3%	12.5%	7.0%
ENTIRE STATE	7.8%	7.6%	6.9%	8.8%	2.8%	-0.4%	10.0%	6.2%

Since 2004, annual vacation travel volume has increased in the entire state on average 6.2 percent with respect to expenditures. Average growth has varied regionally much more from year to year than it has in the entire state demonstrating that the state benefits from an overall state-wide diversified set of visitor amenities. Over this span of time, 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.

REAL STATE GROWTH

Real industry growth is measured by removing the impact of price inflation on actual expenditure levels. As illustrated in Table 5, nominal growth in visitor spending from 1996 to 2010 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. The next highest real growth rate was experienced in 2010 at 8.8 percent.

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
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
2004	7.8%	3.0%	4.8
2005	7.6%	3.2%	4.4
2006	6.9%	4.0%	2.9
2007	8.8%	2.5%	6.3
2008	2.8%	5.3%	-2.5
2009	-0.4%	-2.1%	1.7
2010	10.0%	1.2%	8.8
Averages	5.3%	2.3%	2.9%

The entire time span in this graph has been characterized by moderate inflation ranging from 1.7 to 5.3 percent. However in 2009, the rate of inflation from July of 2008 to July of 2009 (the month for which the year- over- year inflation has been recorded for this document) *dropped to a negative level*. In other words the overall level of prices actually *decreased* by 2.1 percent over this interval. In 2010 consumer price changes were nearly flat at 1.2 percent.

Annual increases in real spending growth in South Dakota have averaged 2.9 percent during the period encompassed in the preceding table as compared to nominal increases that have averaged 5.3 percent.

EMPLOYMENT CHANGES

It has been estimated that in 2009 there were about 33,956 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 moderate increases in employment. It is estimated that visitor industry employment in 2010 approximated 35,688, an increase of 1,732 jobs compared to 2009.

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

TABLE 6

SOUTH DAKOTA EMPLOYMENT TRACEABLE TO THE VACATION TRAVEL INDUSTRY	
YEAR	EMPLOYMENT
1998	30,635
1999	30,267
2000	30,860
2001	28,885
2002	31,022
2003	31,828
2004	33,107
2005	33,590
2006	33,908
2007	34,621
2008	33,720
2009	33,956
2010	35,688

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 2009, a total state economic impact of about \$2,647.5 million is generated by \$1,059 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 2010, about \$683.53 million in visitor spending was subject to the 4 percent state sales tax. Thus, state sales tax collections arising from vacation travelers in 2010 are estimated to be \$27,341,000. This is about \$1.85 million **more** than the amount of state sales taxes paid by vacation travelers in 2009 and nearly \$4 million more than in 2008. **This means that more than \$46,000,000 more in spending reached the taxable sales stream in 2010 compared to 2009.**

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, particularly for cities that are heavily impacted by the vacation travel industry. No attempt is made to estimate this fiscal impact in this report.

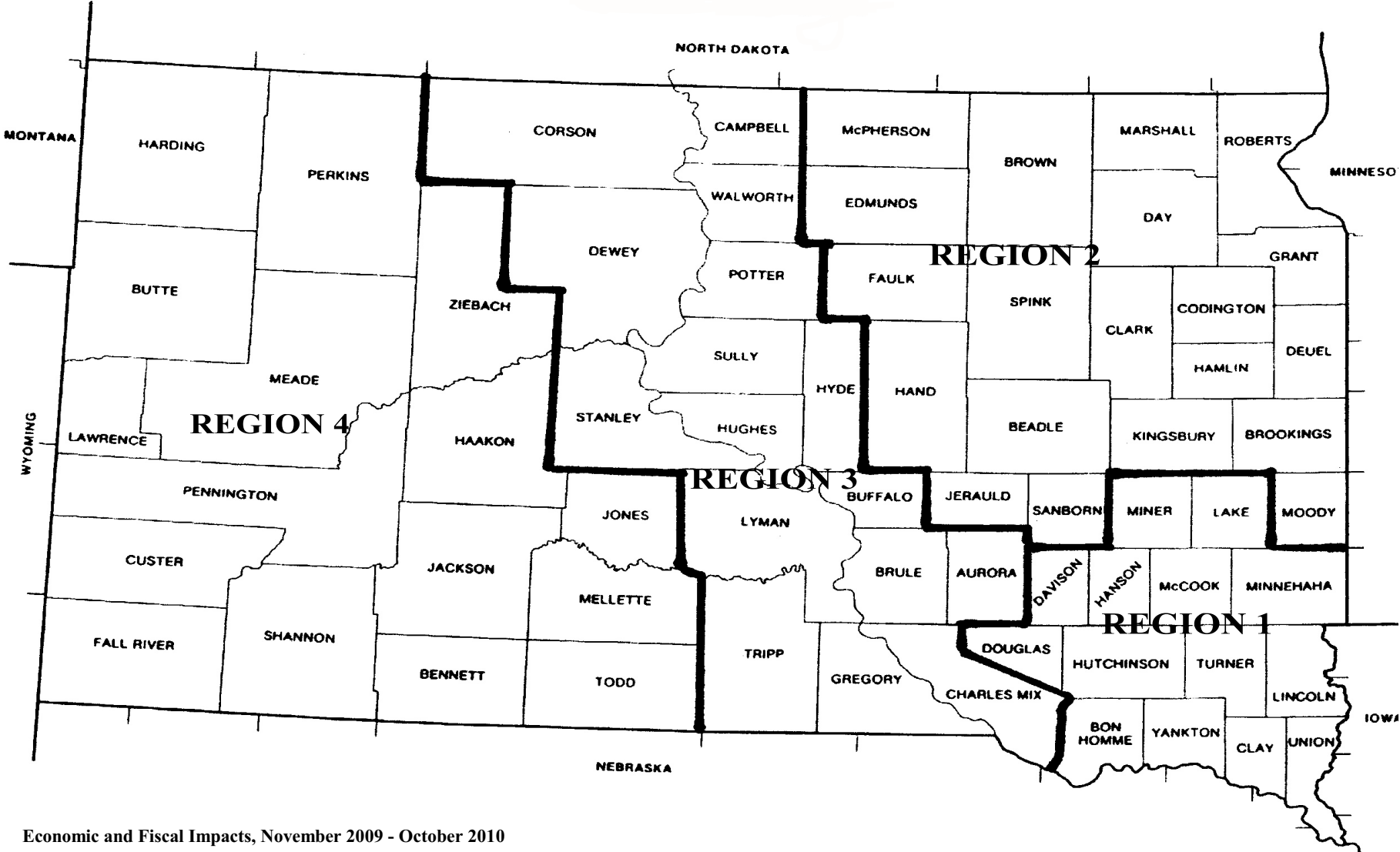
Gasoline purchases were taxed at the rate of 22 cents per gallon in South Dakota during the study period. Assuming an average price of \$2.70 per gallon for fuel purchases, 123.42 million gallons are estimated to have been purchased by vacation travelers. Applying the 22 cent tax rate to the amount sold yields \$27,152,000 in 2010 state gasoline tax receipts.

Accordingly, total state sales and gasoline tax receipts directly traceable to visitors are estimated to be \$54,493,000 in 2009.

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APPENDIX A: SOUTH DAKOTA TRAVEL REGIONS



APPENDIX B

VISITOR EXPENDITURES BY REGION, 2003 TO 2010								
REGION	2003	2004	2005	2006	2007	2008	2009	2010
Southeast South Dakota (1)	161,410,607	169,375,642	184,043,045	198,268,945	211,532,814	205,951,864	194,881,227	\$206,343,171
Glacial Lakes and Prairies (2)	76,912,946	85,031,501	90,174,395	93,438,975	105,078,214	109,860,605	116,690,498	\$126,085,619
Great Lakes (3)	62,115,332	64,683,850	63,703,178	64,219,238	72,120,715	92,914,096	85,598,135	\$90,809,460
Black Hills Badlands & Lakes (4)	397,532,750	433,109,461	471,482,232	508,928,187	552,326,191	558,302,127	565,532,844	\$635,963,167
ENTIRE STATE	\$697,971,635	\$752,200,454	\$809,402,850	\$864,855,345	\$941,057,935	\$967,028,692	\$962,702,704	\$1,059,201,417