

STATISTICAL UPDATE

ECONOMIC AND FISCAL IMPACTS

ASSOCIATED WITH THE VACATION TRAVEL INDUSTRY

IN SOUTH DAKOTA

NOVEMBER 1998 THROUGH OCTOBER 1999

January 2000

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Commissioned by:

THE SOUTH DAKOTA DEPARTMENT OF TOURISM

FOREWORD

The following document is a statistical compilation of estimated expenditure impacts which are traceable to the vacation travel 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 reader of this document is recommended to be familiar with methodology issues discussed in the prior studies.

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 17 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 travel industry impacts that have occurred from November 1, 1998, to October 31, 1999. 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 1999 travel year focused on in this document includes all of the months of 1999 except for 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 travel 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 travel 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 travel dependent counties.

Total estimated visitor spending from 1992 to 1999 for each county appears in **Table 1**. The reader is reminded that 1999 spending estimates begin in November of 1998 which provides for an analysis over a 12 month span of time. For example, data denoted as 1999 is actually for the time span November 1, 1998, to October 31, 1999. Thus, the 1999 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 1992 TO 1999				
YEAR	AURORA	COUNTY	BEADLE	COUNTY
1992	647,946	30.2%	3,335,468	-34.3%
1993	727,494	12.3%	4,280,818	28.3%
1994	1,131,382	55.5%	6,546,117	52.9%
1995	1,180,872	4.4%	6,081,012	-7.1%
1996	1,194,964	0.0%	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%
92-99 AVE. % CHANGE=		17.0%		15.9%
YEAR	BENNETT	COUNTY	BON HOMME	COUNTY
1992	420,548	-40.5%	1,027,138	-21.4%
1993	723,901	72.1%	1,134,946	10.5%
1994	588,840	-18.7%	1,548,767	36.5%
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%
92-99 AVE. % CHANGE=		16.9%		1.6%
YEAR	BROOKINGS	COUNTY	BROWN	COUNTY
1992	4,090,398	-1.9%	8,635,345	1.1%
1993	5,384,390	31.6%	8,804,806	2.0%
1994	6,293,902	16.9%	9,320,234	5.9%
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%
92-99 AVE. % CHANGE=		14.6%		2.8%
YEAR	BRULE	COUNTY	BUFFALO	COUNTY
1992	5,795,163	-9.8%	NA*	NA
1993	7,154,248	23.5%	1,342,966	NA
1994	9,047,407	26.5%	1,426,230	6.2%
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
92-99 AVE. % CHANGE=		8.8%	NA*	NA

* No taxable sales for lodging, eating and drinking establishments were recorded for Buffalo County in 1992, 1998 and 1999.

TABLE 1 CONTINUED				
YEAR	BUTTE COUNTY	CAMPBELL COUNTY		
1992	2,464,878	-23.2%	257,132	109.5%
1993	3,161,086	28.2%	275,980	7.3%
1994	3,640,953	15.2%	487,510	76.6%
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%
92-99 AVE. % CHANGE=		13.9%		23.3%
YEAR	CHARLES MIX COUNTY	CLARK COUNTY		
1992	6,010,231	134.9%	395,179	-20.5%
1993	6,306,597	4.9%	545,524	38.0%
1994	6,706,431	6.3%	737,437	35.2%
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%
92-99 AVE. % CHANGE=		2.3%		12.9%
YEAR	CLAY COUNTY	CODINGTON COUNTY		
1992	7,713,572	16.1%	11,375,017	37.4%
1993	7,505,446	-2.7%	13,125,165	15.4%
1994	8,469,470	12.8%	13,728,658	4.6%
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%
92-99 AVE. % CHANGE=		-1.9%		4.5%
YEAR	CORSON COUNTY	CUSTER COUNTY		
1992	576,275	-17.3%	26,319,381	9.2%
1993	439,181	-23.8%	29,062,274	10.4%
1994	719,045	63.7%	31,566,625	8.6%
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%
92-99 AVE. % CHANGE=		2.9%		6.1%

TABLE 1 CONTINUED					
YEAR	DAVISON	COUNTY	DAY	COUNTY	
1992	14,866,073	15.1%	1,573,942	-18.9%	
1993	15,704,859	5.6%	1,811,996	15.1%	
1994	16,862,209	7.4%	2,043,910	12.8%	
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%	
92-99 AVE. % CHANGE=		5.9%		9.9%	
YEAR	DEUEL	COUNTY	DEWEY	COUNTY	
1992	573,318	19.0%	418,966	-55.4%	
1993	590,923	3.1%	710,179	69.5%	
1994	655,544	10.9%	932,668	31.3%	
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%	
92-99 AVE. % CHANGE=		12.0%		19.2%	
YEAR	DOUGLAS	COUNTY	EDMONDS	COUNTY	
1992	279,712	25.7%	365,957	-2.9%	
1993	221,888	-20.7%	312,556	-14.6%	
1994	171,460	-22.7%	535,525	71.3%	
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%	
92-99 AVE. % CHANGE=		13.3%		1.1%	
YEAR	FALL RIVER	COUNTY	FAULK	COUNTY	
1992	5,702,770	1.9%	311,458	49.3%	
1993	6,152,392	7.9%	494,022	58.6%	
1994	6,234,573	1.3%	677,606	37.2%	
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%	
92-99 AVE. % CHANGE=		8.3%		7.6%	

TABLE 1 CONTINUED				
YEAR	GRANT COUNTY		GREGORY COUNTY	
1992	1,678,527	-23.0%	689,636	-30.9%
1993	2,132,862	27.1%	1,038,223	50.5%
1994	2,498,199	17.1%	1,168,730	12.6%
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%
92-99 AVE. % CHANGE=		6.3%	10.2%	
YEAR	HAAKON COUNTY		HAMLIN COUNTY	
1992	626,789	-27.8%	948,957	-33.2%
1993	649,404	3.6%	1,077,258	13.5%
1994	855,102	31.7%	1,130,115	4.9%
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%
92-99 AVE. % CHANGE=		5.9%	-2.1%	
YEAR	HAND COUNTY		HANSON COUNTY	
1992	754,035	24.3%	185,636	-26.7%
1993	864,094	14.6%	177,228	-4.5%
1994	956,714	10.7%	233,088	31.5%
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%
92-99 AVE. % CHANGE=		13.0%	18.0%	
YEAR	HARDING COUNTY		HUGHES COUNTY	
1992	377,753	-30.4%	8,657,779	5.9%
1993	389,650	3.1%	9,004,927	4.0%
1994	522,336	34.1%	10,625,897	18.0%
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%
92-99 AVE. % CHANGE=		3.9%	5.7%	

TABLE 1 CONTINUED			TABLE 1 CONTINUED	
YEAR	HUTCHINSON	COUNTY	HYDE	COUNTY
1992	862,488	-22.4%	377,476	28.8%
1993	1,130,342	31.1%	NA*	NA
1994	1,354,582	19.8%	NA*	NA
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%
92-99 AVE. % CHANGE=		12.9%	2.5%	
YEAR	JACKSON	COUNTY	JERAULD	COUNTY
1992	8,009,349	11.3%	427,610	-2.4%
1993	9,288,116	16.0%	435,311	1.8%
1994	10,011,712	7.8%	522,191	20.0%
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%
92-99 AVE. % CHANGE=		0.3%	3.9%	
YEAR	JONES	COUNTY	KINGSBURY	COUNTY
1992	3,986,446	-3.5%	1,146,079	-20.7%
1993	4,573,982	14.7%	1,099,615	-4.1%
1994	5,120,550	11.9%	1,514,526	37.7%
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%
92-99 AVE. % CHANGE=		4.1%	9.9%	
YEAR	LAKE	COUNTY	LAWRENCE	COUNTY
1992	2,166,542	-21.3%	52,193,238	14.7%
1993	2,912,085	34.4%	60,457,634	15.8%
1994	2,909,602	-0.1%	66,658,518	10.3%
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%
92-99 AVE. % CHANGE=		11.2%	5.8%	

* No taxable sales for lodging, eating and drinking establishments were recorded for Hyde County in 1993 and 1994.

TABLE 1 CONTINUED

YEAR	LINCOLN COUNTY	LYMAN COUNTY
1992	1,879,535	3,801,965
1993	2,237,212	5,771,688
1994	3,070,586	6,757,841
1995	2,547,560	6,245,419
1996	2,548,588	7,652,722
1997	3,529,910	8,418,794
1998	3,811,123	8,720,931
1999	4,348,375	9,331,067
92-99 AVE. % CHANGE=	18.8%	20.8%
YEAR	MCCOOK COUNTY	MCPHERSON COUNTY
1992	1,293,083	323,341
1993	1,476,948	388,774
1994	2,055,176	308,071
1995	1,822,220	377,027
1996	1,958,992	517,928
1997	1,452,596	624,733
1998	1,641,299	697,641
1999	1,739,406	615,670
92-99 AVE. % CHANGE=	4.9%	12.9%
YEAR	MARSHALL COUNTY	MEADE COUNTY
1992	773,692	7,746,510
1993	954,272	9,969,779
1994	1,185,646	13,627,716
1995	1,485,663	15,306,694
1996	1,671,033	15,173,997
1997	1,569,348	16,630,994
1998	1,688,040	20,507,475
1999	1,589,351	22,437,549
92-99 AVE. % CHANGE=	15.1%	27.1%
YEAR	MELLETT COUNTY	MINER COUNTY
1992	153,670	477,099
1993	126,360	336,702
1994	190,832	249,448
1995	216,642	325,237
1996	204,688	344,516
1997	373,198	381,059
1998	375,740	396,699
1999	465,773	414,903
92-99 AVE. % CHANGE=	29.0%	-1.9%

TABLE 1 CONTINUED				
YEAR	MINNEHAHA	COUNTY	MOODY	COUNTY
1992	51,113,240	2.3%	4,325,766	137.4%
1993	57,673,377	12.8%	4,712,429	8.9%
1994	62,233,707	7.9%	5,130,320	8.9%
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%
92-99 AVE. % CHANGE=		8.4%		3.8%
YEAR	PENNINGTON	COUNTY	PERKINS	COUNTY
1992	108,723,892	-3.3%	491,553	-30.4%
1993	126,701,793	16.5%	621,190	26.4%
1994	132,789,843	4.8%	769,135	23.8%
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%
92-99 AVE. % CHANGE=		6.7%		9.8%
YEAR	POTTER	COUNTY	ROBERTS	COUNTY
1992	1,926,366	-9.7%	1,812,807	-16.6%
1993	2,316,126	20.2%	2,139,237	18.0%
1994	2,764,998	19.4%	2,538,019	18.6%
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%
92-99 AVE. % CHANGE=		9.4%		12.0%
YEAR	SANBORN	COUNTY	SHANNON	COUNTY
1992	373,512	27.2%	267,485	NA*
1993	449,891	20.4%	285,589	6.8%
1994	536,333	19.2%	299,463	4.9%
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%
92-99 AVE. % CHANGE=		6.5%		16.7%

* No taxable sales for lodging, eating and drinking establishments were recorded for Shannon County in 1991.

TABLE 1 CONTINUED				
YEAR	SPINK	COUNTY	STANLEY	COUNTY
1992	1,455,925	10.3%	315,348	-12.1%
1993	1,573,807	8.1%	417,224	32.3%
1994	1,962,433	24.7%	361,865	-13.3%
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%
92-99 AVE. % CHANGE=		3.5%		45.2%
YEAR	SULLY	COUNTY	TRIPP	COUNTY
1992	758,784	-11.6%	2,098,602	-10.7%
1993	1,176,709	55.1%	2,881,801	37.3%
1994	1,239,436	5.3%	3,250,338	12.8%
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%
92-99 AVE. % CHANGE=		31.1%		10.3%
YEAR	TODD	COUNTY	TURNER	COUNTY
1992	NA*	NA	632,606	-22.3%
1993	523,800	NA	790,078	24.9%
1994	448,854	-14.3%	988,238	25.1%
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	-35.8%	972,781	8.7%
1999	1,419,045	94.0%	899,392	-7.5%
92-99 AVE. % CHANGE=		NA		6.0%
YEAR	UNION	COUNTY	WALWORTH	COUNTY
1992	4,059,466	7.0%	3,088,512	-12.2%
1993	4,556,047	12.2%	3,724,532	20.6%
1994	4,677,780	2.7%	4,866,994	30.7%
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%
92-99 AVE. % CHANGE=		10.2%		3.5%

* No taxable sales for lodging, eating and drinking establishments were recorded for Todd County in 1992.

TABLE 1 CONCLUDED		
YEAR	YANKTON	COUNTY
1992	7,323,536	-6.7%
1993	8,384,467	14.5%
1994	9,380,321	11.9%
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%
92-99 AVE. % CHANGE=		9.5%
YEAR	ZIEBACH	COUNTY
1992	99,059	73.2%
1993	NA*	
1994	NA	
1995	NA	
1996	NA	
1997	164,264	
1998	171,506	4.4%
1999	184,329	7.5%
92-99 AVE. % CHANGE=		12.3%
YEAR	SOUTH DAKOTA	
1992	391,559,018	3.1%
1993	447,365,300	14.3%
1994	497,837,757	11.3%
1995	498,837,757	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%
92-99 AVE. % CHANGE=		7.4%

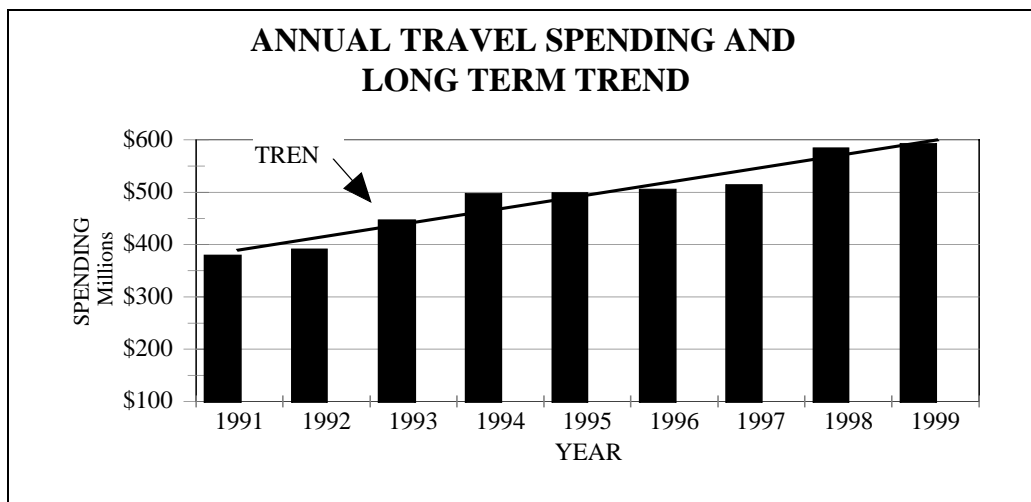
*Taxable sales data unavailable in Ziebach County from 1993 to 1996.

The last page of Table 1 indicates that total vacation travel spending for the state of South Dakota totaled \$593,326,831 in 1999. This level of spending is \$8 million higher than the \$585 million experienced in 1998. It is important to note that 1998 produced the highest rate of growth in vacation travel spending since 1993. This suggests that the industry vitality observed in 1998 has continued into 1999.

The reader is reminded that this level of growth is not representative of spending volume associated with individual businesses. Any growth in the state's travel 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 travel spending.

The following graph allows one to put the 1999 travel year into a long run perspective. The vertical bars represent total travel spending in the state from 1991 to 1999. The upward sloping trend line characterizes the overall long run trend in expenditure volume.

GRAPH 1



Generally, it shows that the economic performance of 1999 is on trend. The years of 1995 through 1997 were marked by little or no expansion statewide. Growth in 1994 and 1998 appears to be above the long run trend.

The year of 1999 shows that, while the statewide industry performance met the record

breaking year of 1998, individual counties of the state experienced quite high variations. A number of counties saw significant increases in activity while others undoubtedly felt a distinct drop in travel related spending.

Generally, the September - October bimonthly period produced higher spending levels in 1999 than for the same period in 1998. However, most other 1999 bimonthly periods were either on par or slightly below what was observed in 1998.

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 travel 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 the appendix illustrates these four regions. Region 1 (Glacial Lakes and Prairies) is dominated by the glacial lakes and associated fishing, camping and hunting attributes. Region 2 (Southeast South Dakota) contains various unique attributes and attractions, but also is strategically located such 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 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 destination points in the area. Region 4 has historically been the dominant travel area from an economic perspective. Table 2 breaks travel spending levels into

the respective regions. Visitor expenditures for earlier years appear in Appendix B.

TABLE 2

VISITOR EXPENDITURES AND PERCENTAGE CHANGES BY REGION, 1998 AND 1999			
REGION	1998 EXPENDITURES	1999 EXPENDITURES	% CHANGE
Glacial Lakes and Prairies (1)	\$66,074,630	\$65,400,676	-1.0%
Southeast South Dakota (2)	\$129,252,245	\$129,288,392	0.0%
Great Lakes (3)	\$74,676,235	\$72,571,571	-2.8%
Black Hills Badlands & Lakes (4)	\$314,894,016	\$326,066,192	3.5%
ENTIRE STATE	\$584,897,126	\$593,326,831	1.4%

A number of important observations can be made concerning the regional travel markets. As indicated in the table, Region 4 experienced positive growth. Spending in Regions 1 and 2 was virtually the same in 1999 as in 1998.

Region 3 expenditures in 1999 along the Missouri River were nearly 3 percent lower than the previous year. The northern counties within this region experienced larger drops in travel volume. For example, Walworth, Sully, Potter, Hughes and Corson Counties experienced drops of 10 percent or more in vacation travel spending. Counties situated in the southern part of this region such as Tripp, Brule, and Lyman experienced significant growth over last year partially offsetting the declines that occurred in the northern part of the region.

Distinct improvements in visitor spending occurred in most of the smaller counties in the southern part of Region 4. Among those are Todd, Bennett, Mellette and Shannon Counties. All of the counties situated in the Black Hills saw growth in travel expenditures.

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 the 1999 travel year are similar to what was experienced in 1998.

TABLE 3

VISITOR EXPENDITURES BY REGIONAL SHARE		
REGION	1999 VOLUME	PERCENT
Glacial Lakes and Prairies (1)	\$65,400,676	11.0%
Southeast South Dakota (2)	\$129,288,392	21.8%
Great Lakes (3)	\$72,571,571	12.2%
Black Hills Badlands & Lakes (4)	\$326,066,192	55.0%
ENTIRE STATE	\$593,326,831	100.0%

SPENDING CHANGES SINCE 1992

The following table summarizes changes in visitor volume that have occurred in each region since 1992. In addition, data for the entire state is included. Statewide annual growth in nominal expenditures has varied from 0.2 percent in 1995 to 14.3 percent in 1993.

Since 1992, annual vacation travel volume has increased in the entire state on average by 6.3 percent with respect to expenditures. Average regional growth has varied from 6.2 percent to 7.5 percent annually since 1992. Accordingly, it is found that all regions of the state have enjoyed healthy 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	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	AVE
Glacial Lakes and Prairies (1)	5.4%	24.9%	-2.8%	0.2%	8.6%	8.1%	-1.0%	6.2%
Southeast South Dakota (2)	10.9%	9.1%	3.0%	0.4%	3.6%	17.0%	0.0%	6.3%
Great Lakes (3)	20.2%	18.0%	-0.7%	6.0%	4.9%	6.3%	-2.8%	7.5%
B. Hills Badlands & Lakes (4)	16.1%	8.2%	0.0%	1.0%	-1.3%	15.6%	3.5%	6.2%
ENTIRE STATE	14.3%	11.3%	0.2%	1.4%	1.7%	13.8%	1.4%	6.3%

REAL STATE GROWTH

Real industry growth is measured by removing the impact of price inflation on actual expenditure levels. The period from 1987 to 1999 has been characterized by moderate inflation ranging from 1.7 to 4.9 percent.

As illustrated in **Table 5**, nominal growth in visitor spending from 1987 to 1999 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, it can be seen that real growth has amounted to as much as 12.1 percent per year, which occurred in 1998. It can be shown that real growth in the industry has been 62.3 percent from 1987 to the present time.

TABLE 5

PERCENTAGE CHANGE FROM PREVIOUS YEAR IN NOMINAL VISITOR SALES VOLUME, INFLATION RATES AND ESTIMATES OF REAL GROWTH FOR STATE OF SOUTH DAKOTA 1987 - 1999			
YEAR	NOMINAL GROWTH	INFLATION RATE	REAL GROWTH
1987	0.9%	4.3%	-3.4%
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%
Arithmetic Averages	7.3%	3.3%	3.9%

Annual increases in real spending growth in South Dakota have averaged 3.9 percent. National estimates of long run travel spending growth have been variously estimated at 3 percent or less.⁷

EMPLOYMENT CHANGES

It has been estimated that in 1998 there was a total of about 30,635 jobs that were related directly and indirectly to the travel industry. The methodology employed in arriving at this estimate entails input-output modeling involving changes in long run final demand. Over the past year, since real spending dropped slightly, it is estimated that employment did likewise. **It is estimated that travel industry jobs in 1999 approximated 30,267.**

A summary of yearly employment estimates that are traceable to the vacation travel industry appears in the following table.

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

About 75 percent of any job creation in the travel 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 a total state economic impact of about \$1.48 billion is generated by \$593 million in direct visitor spending. This is an increase of 1.4 percent over 1998.

STATE FISCAL IMPACTS

Gross vacation travel 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 1999, about \$450 million in visitor spending is subject to the 4 percent state sales tax. Thus, state sales tax collections in 1999 are estimated to be \$18,012,000. **This is about \$265,000 more than was paid by vacation travelers in 1998.**

Sales taxes assessed by municipalities interact heavily with the travel 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 (a 4 cent increase over 1998). Assuming an average price of \$1.38 per gallon for fuel purchases, 87.8 million gallons are estimated to have been purchased by vacation travelers. **Applying the 22 cent tax rate to the amount sold yields \$19,316,000 in 1999 state gasoline tax receipts and represents a 21.6 percent increase over 1998.** This increase is largely related to the increase in the gasoline tax from 18 to 22 cents per gallon.

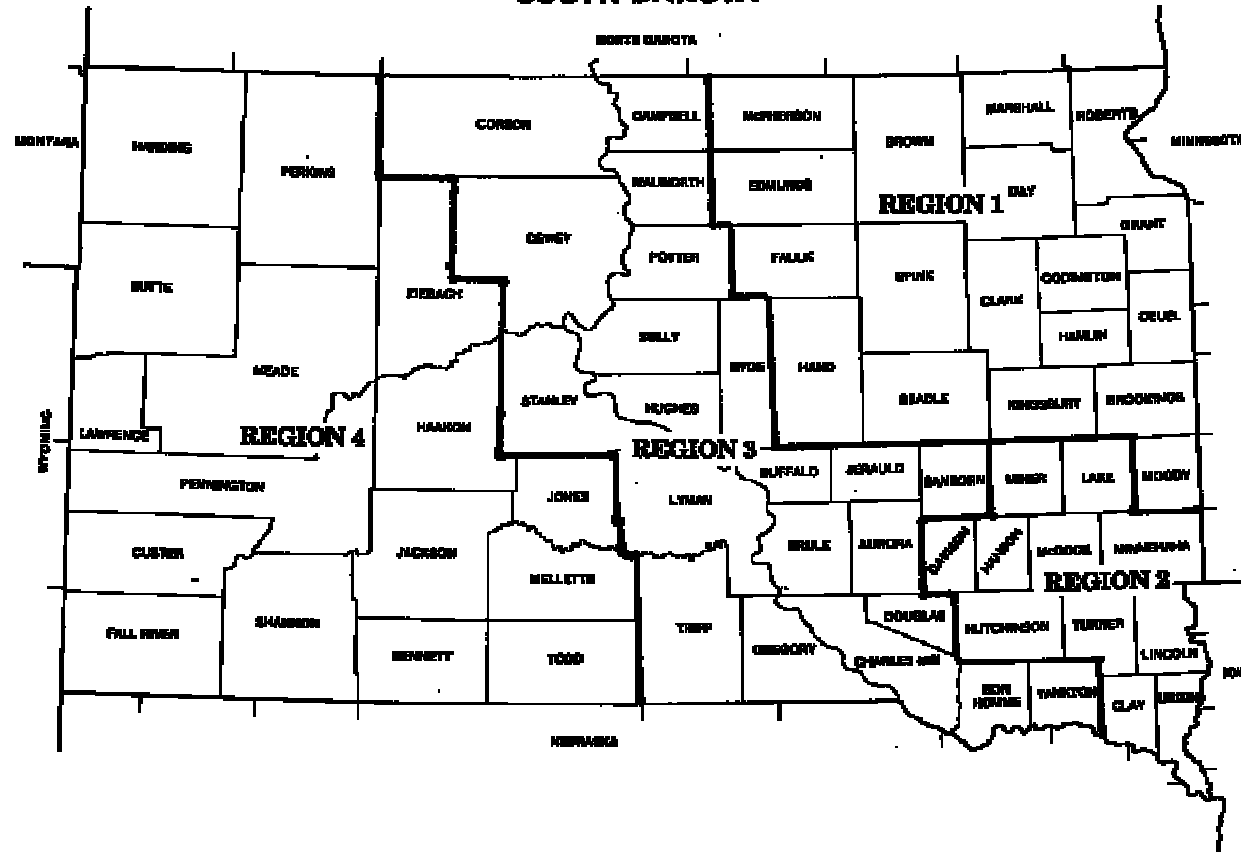
Accordingly, total state sales and gasoline tax receipts directly traceable to travelers is estimated to be \$37,328,000 in 1999.

REFERENCES

1. Economic and Fiscal Impacts Associated with the Vacation Travel Industry in South Dakota, by Michael K. Madden, January 1986.
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4. South Dakota Labor Bulletin, South Dakota Department of Labor, October 1990.
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APPENDIX A
TRAVEL REGIONS USED IN STUDY

SOUTH DAKOTA



APPENDIX B

VISITOR EXPENDITURES BY REGIONS, 1991 TO 1999									
REGION	1991	1992	1993	1994	1995	1996	1997	1998	1999
Glacial Lakes and Prairies (1)	\$42,087,511	\$43,874,670	\$46,263,647	\$57,762,976	\$56,146,285	\$56,278,089	\$61,103,175	\$66,074,630	\$65,400,676
Southeast South Dakota (2)	81,551,609	85,249,340	94,500,325	103,103,886	106,164,831	106,586,462	110,427,427	129,252,245	129,288,392
Great Lakes (3)	42,509,181	44,851,688	53,914,378	63,645,843	63,225,123	66,993,829	70,253,398	74,676,235	72,571,571
Black Hills Badlands & Lakes (4)	213,609,700	217,583,320	252,686,950	273,325,052	273,295,047	275,898,215	272,335,860	314,894,016	326,066,192
ENTIRE STATE	\$379,758,001	\$391,559,018	\$447,365,300	\$497,837,757	\$498,831,286	\$505,756,596	\$514,119,860	\$584,897,126	\$593,326,831