

# ECONOMIC IMPACT OF TOURISM IN SOUTH DAKOTA 2020

Prepared for:  
South Dakota Department of Tourism



# INTRODUCTION

The travel sector is an integral part of the South Dakota economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of South Dakota's future. How critical? Tourism represents 4.7% of South Dakota's economy and supports 8.2% of all jobs in the state.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for South Dakota as it builds upon its tourism economy. By establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the economic significance of the tourism sector in South Dakota, Tourism Economics has prepared a comprehensive model detailing the wide-reaching impacts arising from visitor spending. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as the total economic impacts, jobs, personal income, and fiscal (tax) impacts in the broader economy.

The analysis draws on the following data sources:

- D.K. Shifflet survey data, including spending and visitor profile characteristics for visitors to South Dakota
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- US Census: business sales by industry and seasonal second homes inventory
- South Dakota Department of Revenue – sales tax data by industry and other data points
- Bed tax revenues – local sources
- National and State park attendance levels

# KEY FINDINGS

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The pandemic affects 2020 visitor activity



## Visitor Spending

In 2020, 12.6 million visitors spent \$3.4 billion in South Dakota.



## Pandemic affects results

Visitation declined 13% and visitor spending dropped 18% as the pandemic affects travel...but losses have gotten smaller in South Dakota as 2020 ends.



## Employment Supporter

Employment supported by visitor spending tallied 49,500 jobs in the state.



## Fiscal Contributions

Visitors generated \$276 million in state and local taxes, which is equivalent to \$780 in tax savings for every household in South Dakota.

# VISITATION AND SPENDING

# VISITOR SPENDING TRENDS

## Pandemic affects visitor activity in 2020

### **Shutdowns cut spending...but the recovery progresses**

The 2020 visitor and visitor spending results have been significantly impacted by the pandemic. Both the limitations and restrictions to mobility and economic disruption of the pandemic hit travel hard.

While the annual numbers are poor, indicators in the latter part of 2020 are not as bad as earlier in the year. The shutdowns in the spring cut travel by three-quarters at the worst point. However, once South Dakota began re-opening and the weather warmed up, losses shrank as South Dakota welcomed visitors from areas with more restrictions.



### **Despite declines, South Dakota still welcomed 13 million visitors in 2020**

Visitation declines were smaller for in-state travelers versus those coming from outside the state.



### **Visitor spending directly provides \$3.4 billion in business sales**

Pandemic cuts 18% from 2019 visitor spending levels.



### **Food & beverage spending holds its own**

As both prices and spending opportunities fell in other sectors as a result of the pandemic, food & beverage spending held its own.

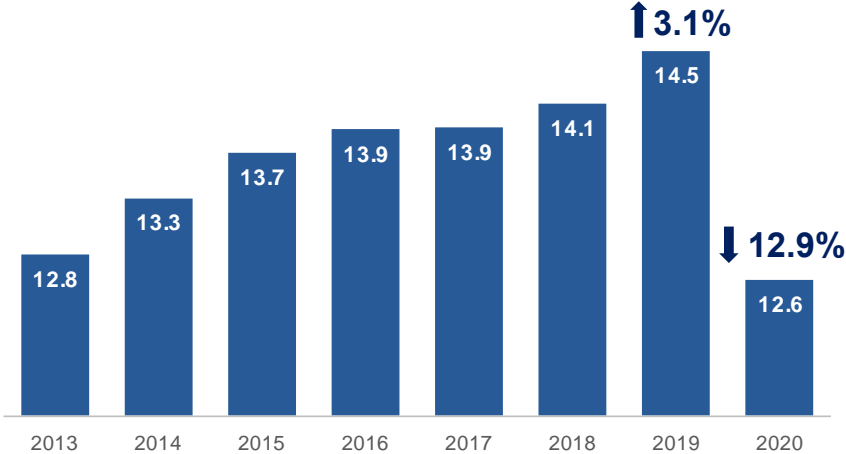
# VISITATION

## Total visitor count

Visitation fell by 1.9 million visitors in 2020, a decline of 12.9%. South Dakota welcomed 12.6 million person-trips during the year. This drives visitation levels back to 2012 numbers.

Visitation losses were higher for out-of-state residents vs. in-state travelers.

South Dakota visitation levels (millions)



Source: D. K. Shifflet, Tourism Economics

# SPENDING

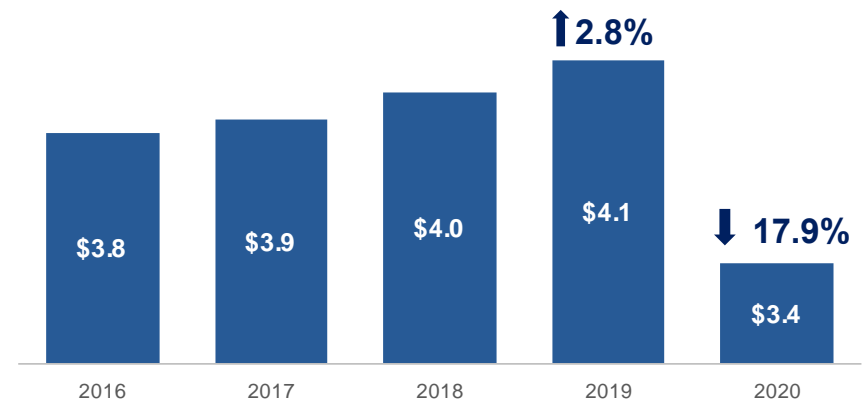
## Total visitor spending

Visitor spending in South Dakota declined 18% in 2020, falling to \$3.4 billion.

The pandemic and its various travel restrictions cut \$730 million from 2019 visitor spending levels.

Prices in key traveler sectors—gasoline and lodging, fell, exacerbating the decline in spending.

South Dakota visitor spending (\$ billions)



Source: D. K. Shifflet, Tourism Economics



# INDICATORS

## Sales tax collections

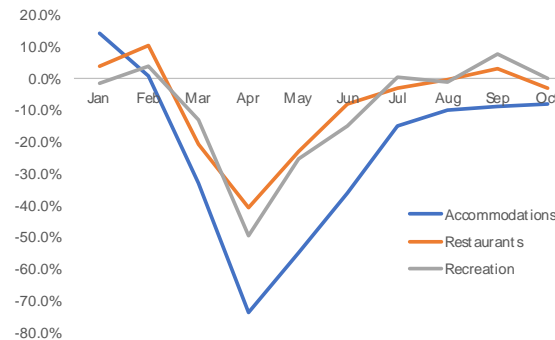
Sales tax data helps show likely visitor activity by examining sectors key to the visitor.

Sales tax collections fell in all the leisure and hospitality sectors in the spring as much of the country shut down. As South Dakota reopened and the summer travel season began, there were smaller losses in restaurants, with growth in restaurant sales in September compared to 2019 results. As travel shifted to more leisure and outdoor activities in 2020, lodging sales have not fully recovered.

Examining sectors within the retail industry help show changes in spending patterns. Retail is a key spending sector for in-state travelers, as the size of South Dakota means many rural residents travel to find retail opportunities. As a portion of those sales will be in general merchandise stores like Wal-Marts and Targets, the data is showing that type of spending continued throughout the year. But more discretionary travel lagged, evidenced by the slow recovery in miscellaneous retail stores – which contain businesses like souvenir stores.

## South Dakota monthly sales tax collections – leisure & hospitality

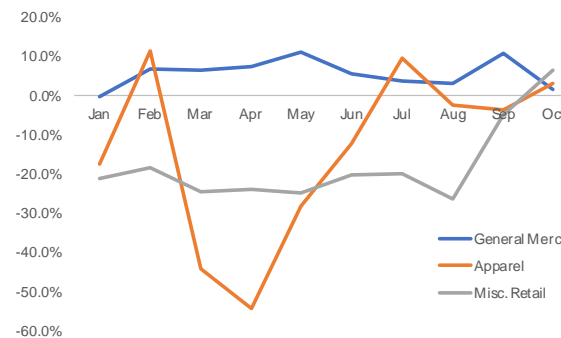
Y-o-y growth, by month, 2020



Source: Tourism Economics, South Dakota Department of Revenue

## South Dakota monthly sales tax collections - retail

Y-o-y growth, by month, 2020



Source: Tourism Economics, South Dakota Department of Revenue

# SPENDING

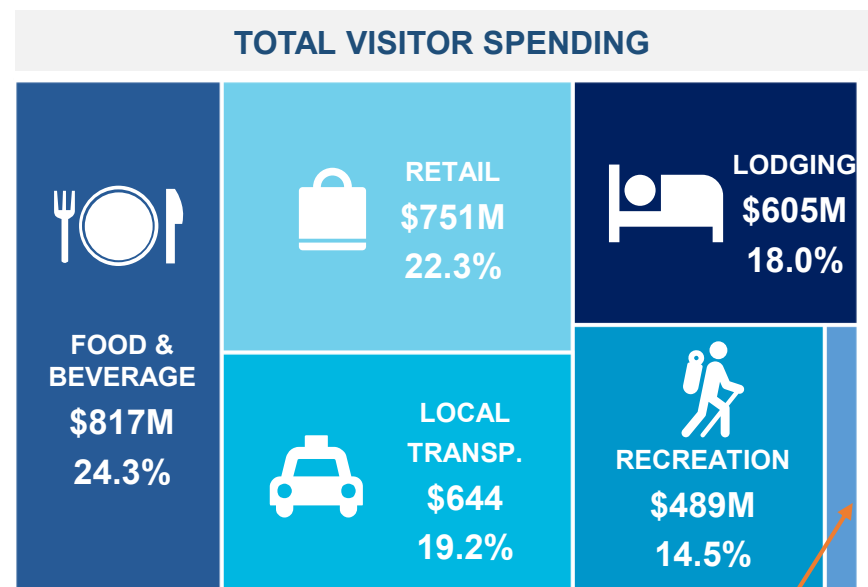
## Spending by category, 2020

The \$3.4 billion spent by visitors to South Dakota was spread across a wide range of sectors

Of the \$3.4 billion spent in South Dakota in 2020 by visitors, food & beverage spending captured \$817 million—one-quarter of the average visitor dollar.

Retail is a key spending sector for South Dakota travelers, capturing 22.3 cents of each visitor dollar, a total of \$751 million. Lodging captured 18% of each visitor dollar. The \$605 million in lodging spending includes both room rentals as well as 2<sup>nd</sup> home rental income.

Visitors spent 14.5% on recreational activities in 2020.



Source: D. K. Shifflet, Tourism Economics

**AIR**  
**\$57M**  
**1.7%**

# SPENDING

## Visitor spending timeline

### Visitor spending fell by \$730 million in 2020.

As 2020 saw more in-state and leisure travel in South Dakota, spending sectors with more reliance on those segments declined less. For example, food & beverage spending declined just 11% and remains around 2015 levels.

Lodging spending was hit hard by the pandemic. With fewer rooms rented coupled with lower prices, lodging spending in 2020 fell by 21%. Gas prices fell along with less spending on car rentals, driving transportation spending lower.

### Visitor Spending in South Dakota, 2016-2020

Amounts in millions of dollars

	2016	2017	2018	2019	2020	2020 Growth	2016-2020 CAGR
<b>Total visitor spending</b>	<b>\$3,836</b>	<b>\$3,883</b>	<b>\$3,982</b>	<b>\$4,098</b>	<b>\$3,364</b>	<b>-17.9%</b>	<b>-3.2%</b>
 Lodging*	\$717	\$722	\$740	\$769	\$605	-21.4%	-4.1%
 Food & beverages	\$845	\$869	\$885	\$917	\$817	-10.8%	-0.8%
 Retail	\$825	\$827	\$838	\$863	\$751	-12.9%	-2.3%
 Recreation	\$581	\$596	\$598	\$605	\$489	-19.2%	-4.2%
 Transportation**	\$867	\$870	\$922	\$944	\$701	-25.7%	-5.2%

Lodging includes 2<sup>nd</sup> home spending

Transportation includes both local and air transportation spending

Source: D. K. Shifflet, Tourism Economics

# SPENDING

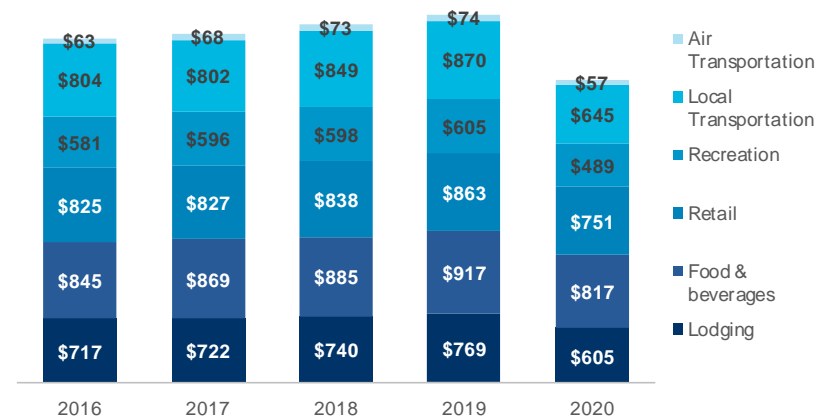
## Spending by category

Visitor spent \$817 million on food and beverages in 2020, similar to what was spent by visitors in 2015. Visitor spending at restaurants and grocery stores only fell \$100 million –the smallest loss across all categories. Food & beverage spending is the largest spending category but had the smallest losses, which helped limit the 2020 spending losses.

Retail spending also performed well in comparison to other spending categories.

Lodging and transportation spending declines were the steepest, together falling \$410 million, 55% of the total decline.

South Dakota visitor spending (\$ billions)



Source: Tourism Economics

# SPENDING

## Visitor spending shares

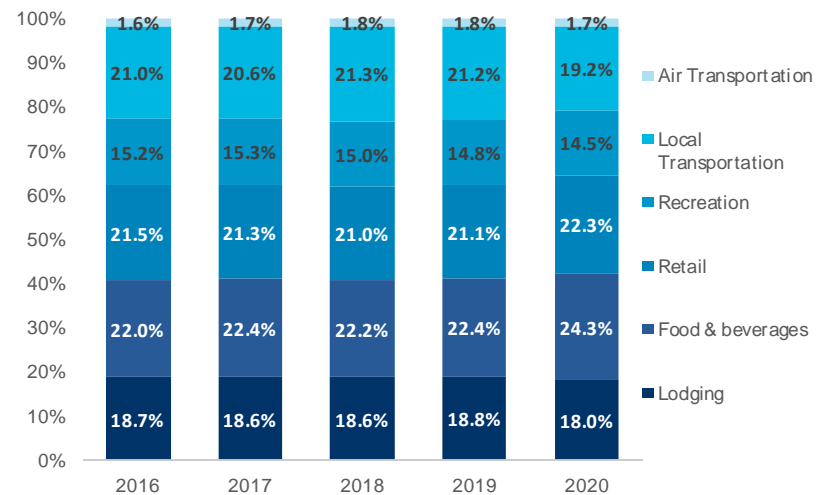
Closures and safety issues affected where the traveler spent in 2020.

With gas prices falling and the miles traveled down, the share of the visitor dollar spent on local transportation costs fell by two percentage points.

As retail is a key spending area for in-state travelers, the retail share grew in 2020.

Visitor spending on commercial lodging options dropped as a share of each dollar spent in South Dakota to 18 cents of each dollar.

South Dakota visitor spending (shares)



Source: Tourism Economics

# VISITATION AND SPENDING

## Day/overnight splits

**Each traveler spends \$266, on average, on their trip to South Dakota.**

Despite the decline in visitation and visitor spending, per-traveler spending had a much smaller decline. Per-trip spending fell to \$266 from \$282 in 2019.

### **Trips and spending, 2016-2020** Amounts in nominal dollars and number of visitors

	2016	2017	2018	2019	2020
<b>Total visitors (millions)</b>	13.9	13.9	14.1	14.5	12.6
<b>Total traveler spending (\$ millions)</b>	\$3,836	\$3,883	\$3,982	\$4,098	\$3,364
<b>Per traveler spending</b>	\$277	\$280	\$283	\$283	\$266

Source: Tourism Economics

# TOURISM ECONOMY

# TOURISM SATELLITE ACCOUNT

## Investment

**\$205 million was spent on construction costs in support of the tourism industry in South Dakota.**

Spending on machinery & equipment still registered \$108 million in 2020 despite the pandemic cutting sales.

As many new construction projects are planned months and years in advance, new construction increased in 2020, jumping 17%.

The continued investment in new tourism facilities and modernization of current visitor-focused businesses will support growth in the industry as it recovers from the pandemic.

**Tourism capital investment, 2016-2020**  
Amounts in millions of dollars

	2016	2017	2018	2019	2020	2020 Growth	2016-2020 CAGR
Construction	\$96	\$93	\$96	\$82	\$96	17.3%	0.0%
Machinery & Equipment	\$159	\$161	\$166	\$171	\$108	-36.7%	-9.1%
<b>Total</b>	<b>\$255</b>	<b>\$253</b>	<b>\$262</b>	<b>\$253</b>	<b>\$205</b>	<b>-19.2%</b>	<b>-5.4%</b>

Source: Dodge Construction; Tourism Economics



# TOURISM SATELLITE ACCOUNT

## Category contributions, 2020

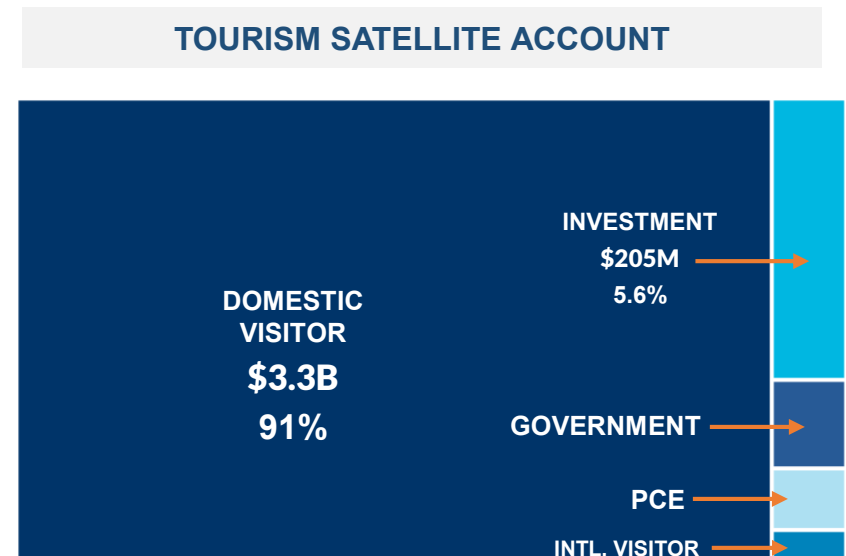
**The direct contributions of tourism consumption to the South Dakota economy reached \$3.7 billion in 2020**

The direct contribution of tourism includes visitor spending, investment in tourism facilities, governmental spending in support of visitors, and other tourism consumption.

Domestic visitors provided the majority of tourism economy spending at \$3.3 billion, 91% of the total.

Investment spending contributed 5.6% with governmental support of tourism contributing \$66 million or 1.8% of the total. Personal consumption spending in support of tourism adds \$41 million.

With most borders closed for much of 2020, international visitors and their \$19 million in spending accounted for 0.5% of the total. In 2019, international visitors accounted for 2.4% of spending.



Source: Tourism Economics

# TOURISM SATELLITE ACCOUNT

## Tourism economy in South Dakota

Non-visitor private consumption expenditures (PCE) represent tourism consumer durables such as an RV, boat, or furniture for a vacation home.

Government support for tourism includes the budgets for destination marketing and other budget items in broad support of tourism.

Capital investment (CAPEX) includes construction of hotels and attractions, as well as tourism equipment and infrastructure.

### Tourism economy spending, 2016-2020 Amounts in millions of dollars

	2016	2017	2018	2019	2020	2020 Growth	2016-2020 CAGR
Domestic Visitor	\$3,717	\$3,777	\$3,872	\$3,989	\$3,344	-16.2%	-2.6%
International Visitor	\$118	\$106	\$109	\$109	\$19	-82.2%	-36.5%
Non-Visitor PCE	\$33	\$38	\$40	\$43	\$41	-5.6%	5.2%
Gov't Support	\$60	\$62	\$62	\$65	\$66	0.9%	2.6%
Investment	\$255	\$253	\$262	\$253	\$205	-19.2%	-5.4%
Total	\$4,184	\$4,236	\$4,346	\$4,460	\$3,675	-17.6%	-3.2%

Source: Tourism Economics

# DIRECT IMPACTS

# TOURISM INDUSTRY IMPACTS

**The tourism industry consists of visitor spending and its direct impacts on the state economy.**

Tourism GDP is the value added of those sectors directly interacting with travelers.

The narrow definition of the tourism industry counts only tourism industry sales, which excludes capital investment and general government support of tourism. This also excludes indirect and induced effects. This definition is consistent with economic accounts.

On this basis, tourism industry GDP tallied \$1.3 billion in 2020, and tourism industry employment of 33,213, 5.5% of all South Dakota employment.

## Core tourism

Amounts in number of jobs and millions of nominal dollars

	Employment	GDP (millions)
<b>Total</b>	<b>33,213</b>	<b>\$1,349</b>
Food & Beverage	12,243	\$369
Lodging	6,860	\$367
Recreation and Entertainment	6,660	\$241
Retail Trade	3,876	\$193
Gasoline Stations	1,216	\$58
Personal Services	1,032	\$27
Other Transport	825	\$45
Finance, Insurance and Real Estate	230	\$18
Air Transport	207	\$24
Business Services	63	\$6

Source: Tourism Economics

# DIRECT TOURISM INDUSTRY

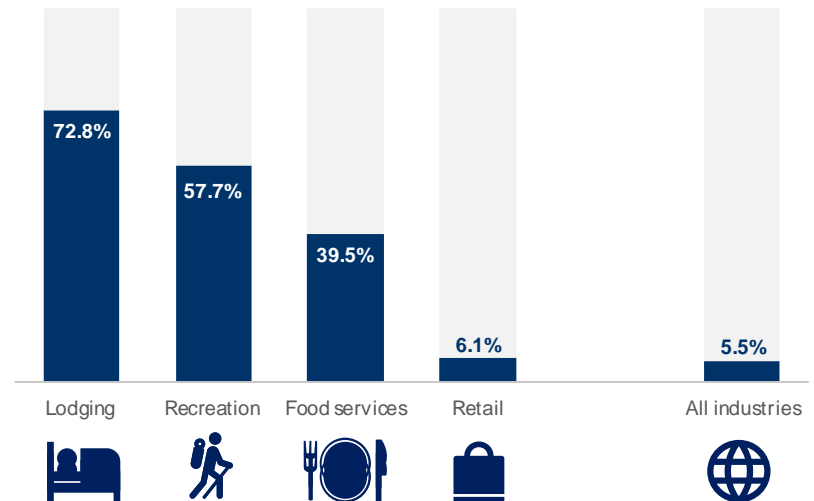
## Tourism employment intensity

Tourism employment is a significant part of several industries—the majority of lodging employment, 58% of recreation, and 40% of food & beverage employment is supported by tourism spending.

Tourism shares fell slightly in 2020 with the decline in visitor spending. The share of food service jobs supported by visitor activity dropped two percentage points to 39.5% in 2020 as resident spending rose in importance to businesses.

### Tourism employment intensity

Amounts in percentage of total industry employment



# DIRECT TOURISM INDUSTRY

## Tourism employment growth

### Visitor spending directly supported 33,213 jobs

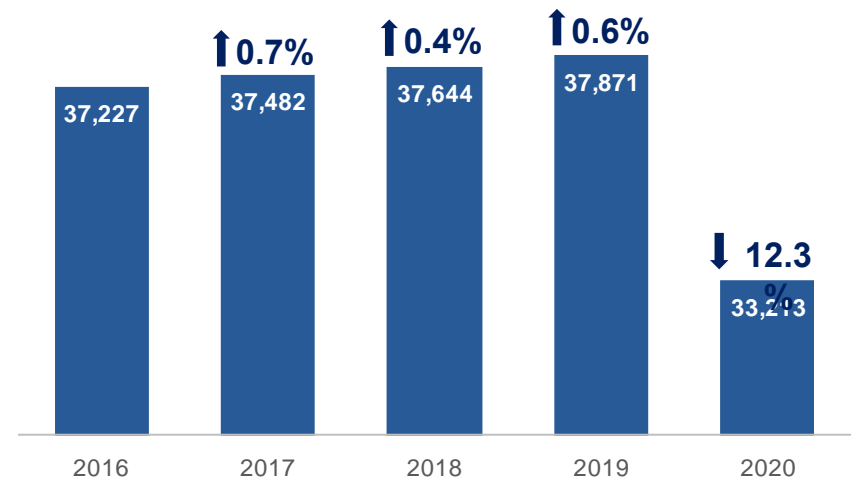
Employment fell by 4,660 jobs as many businesses were affected by both closures and changes in the types of travel that occurred.

Key visitor employment sectors are restaurants and lodging. Employment in both fell by double-digits.

Despite these drops, the 33,213 jobs supported by visitor activity still represent 5.5% of all jobs in South Dakota. One out of every 18 jobs is directly supported by visitor spending.

### Tourism supported employment in South Dakota

Amounts in number of jobs and year-on-year percentage growth



Source: Tourism Economics

# DIRECT TOURISM INDUSTRY

## Tourism employment

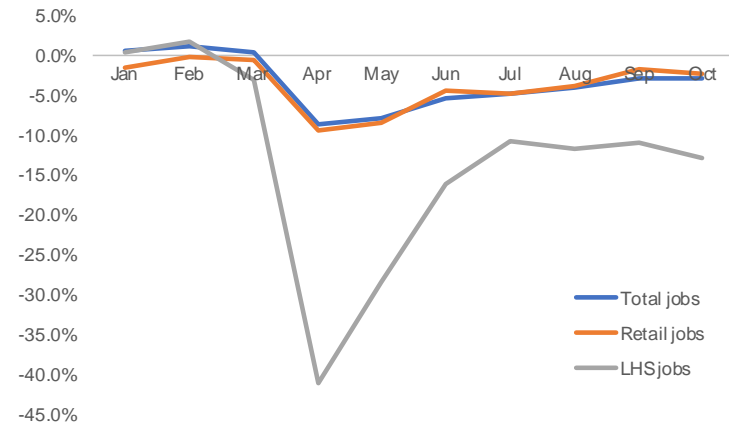
### Leisure & hospitality jobs have seen the largest declines

Jobs losses from the pandemic reached 8% of all jobs in South Dakota in the spring and have leveled off at around 3% declines this fall. Leisure and hospitality job losses were down 40% at their nadir and have leveled off with losses of 11% and 12% in September and October.

To complete the state's recovery from the pandemic job losses, tourism will need to recover. In October of 2020, 70% of all South Dakota jobs losses were in the leisure and hospitality sector – losses of around 8,000 South Dakota jobs.

### Employment in South Dakota, by major industry

Y-o-y growth, by month in 2020



LHS – Leisure and hospitality  
Source: Tourism Economics, BLS

# DIRECT TOURISM INDUSTRY

## Tourism employment

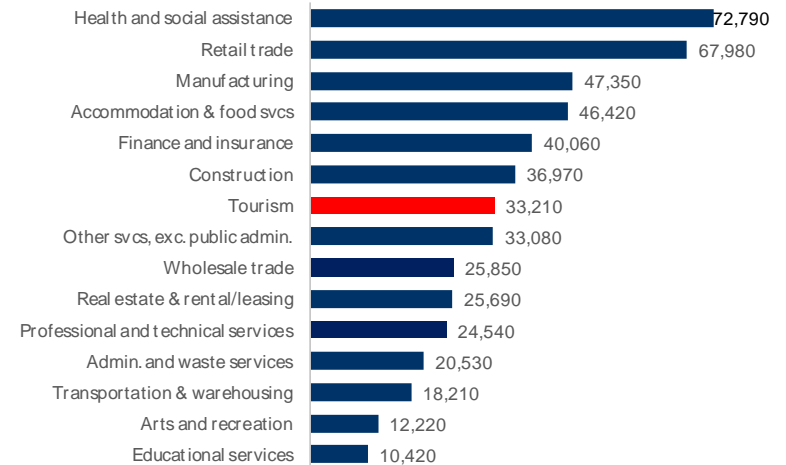
### In 2020, tourism was the 7th largest employer in South Dakota

Visitor activity directly supported 33,213 jobs in South Dakota in 2020. Comparing this with the direct employment in other industry sectors, tourism would rank as the 7th largest industry.

In 2019, tourism ranked 6th, ahead of the construction industry.

### Employment in South Dakota, by major industry

Amounts in number of jobs



Source: Tourism Economics, BEA



# ECONOMIC IMPACTS



## ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on South Dakota begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in South Dakota, we input visitor spending into a model of the South Dakota economy created in IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

- 1. Direct Impacts:** Visitors create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- 2. Indirect Impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.
- 3. Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated wither directly or indirectly by visitors, spend those wages in the local economy.

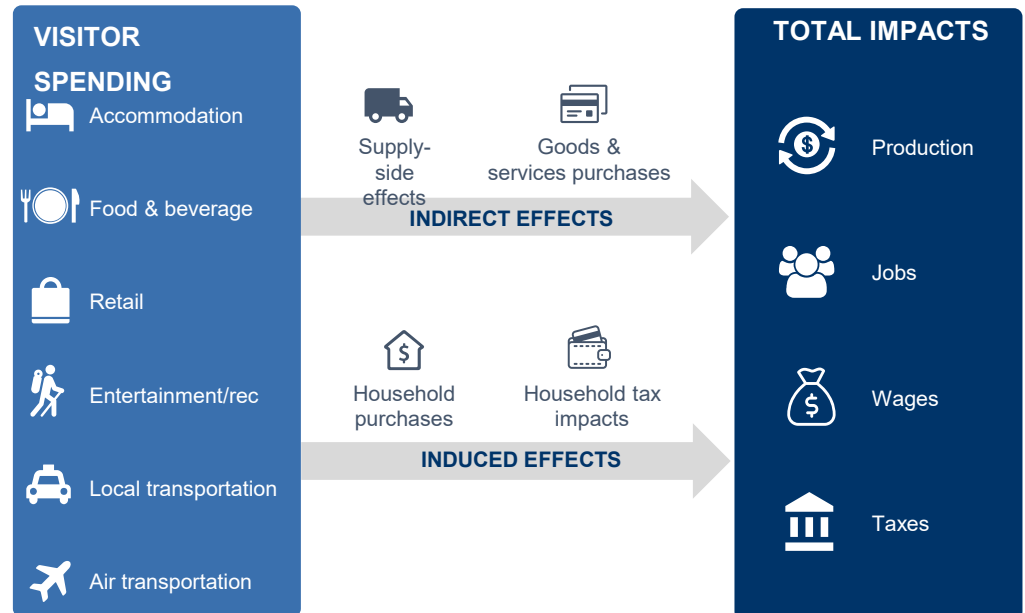
# ECONOMIC IMPACTS

How visitor spending generates employment and income

## Economic impact flowchart

IMPLAN calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

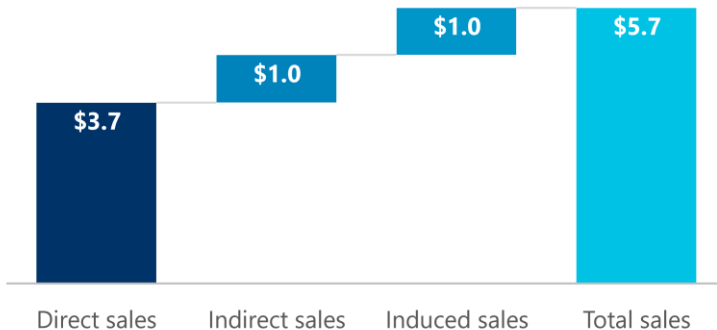


# ECONOMIC IMPACTS

## Business sales by industry

Visitor influenced spending - direct spending coupled with construction and governmental spending in support of tourism - totaled \$3.7 billion in 2020. Including indirect and induced impacts, tourism activity supported \$5.7 billion in business sales in South Dakota.

Summary economic impacts (\$ billions)



## Business sales impacts by industry

Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
<b>Total, all industries</b>	<b>\$3,741</b>	<b>\$985</b>	<b>\$977</b>	<b>\$5,703</b>
<b>By industry</b>				
Food & Beverage	\$817	\$33	\$67	\$917
Retail Trade	\$785	\$26	\$79	\$891
Finance, Insurance and Real Estate	\$70	\$266	\$332	\$669
Lodging	\$560	\$1	\$0	\$562
Gasoline Stations	\$529	\$2	\$5	\$535
Recreation and Entertainment	\$425	\$21	\$15	\$462
Construction and Utilities	\$253	\$103	\$37	\$393
Business Services	\$10	\$211	\$57	\$278
Education and Health Care		\$3	\$195	\$197
Other Transport	\$90	\$55	\$18	\$163
Personal Services	\$54	\$33	\$49	\$136
Government	\$66	\$40	\$20	\$126
Wholesale Trade		\$62	\$46	\$107
Communications		\$72	\$35	\$107
Air Transport	\$74	\$2	\$2	\$77
Manufacturing	\$7	\$48	\$15	\$70
Agriculture, Fishing, Mining		\$8	\$4	\$12

Source: IMPLAN, Tourism Economics

# ECONOMIC IMPACTS

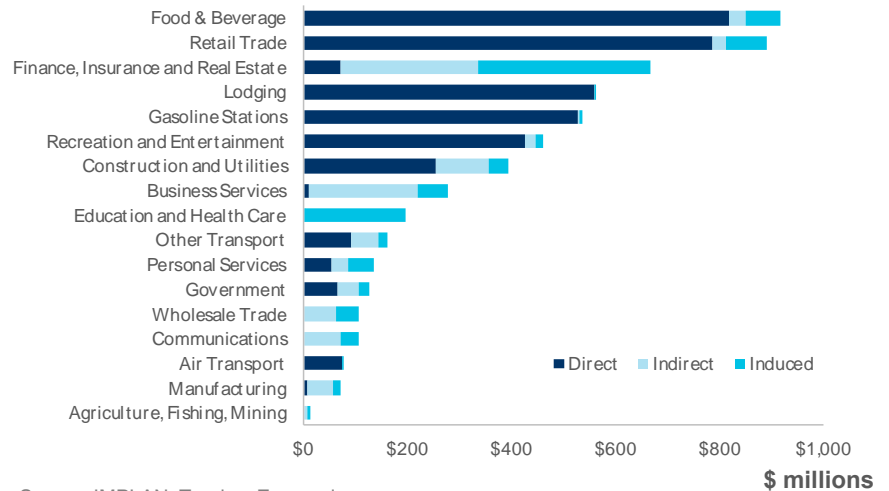
## Business sales by industry

The indirect and induced effects add a total of \$2.0 billion in sales to businesses located in South Dakota. This includes \$600 million in sales supported by visitor activity but not by visitors to finance, insurance and real estate businesses.

Non-gas retail trade business sales directly from visitors provided \$785 million in sales. Adding in the \$105 million in retail sales from indirect and induced effects, and retail businesses received \$900 million in sales resulting from visitor activity in South Dakota.

Significant benefits also accrue in sectors like business services, education & health care, manufacturing, and communications from selling to tourism businesses and employees.

## Business sales impacts by industry



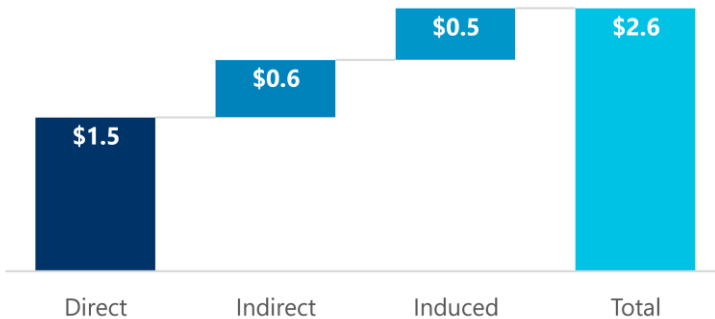
Source: IMPLAN, Tourism Economics

# ECONOMIC IMPACTS

## GDP

Tourism generated \$2.6 billion in local GDP in 2020, or 4.7% of the South Dakota economy. This excludes all import leakages to arrive at the economic value generated by traveler activity in the state.

### Summary GDP impacts (\$ billions)



### GDP impacts by industry

Amounts in millions of current dollars	Direct value	Indirect value	Induced value	Total value
<b>Total, all industries</b>	<b>\$1,505</b>	<b>\$562</b>	<b>\$505</b>	<b>\$2,573</b>
<b>By industry</b>				
Food & Beverage	\$369	\$12	\$33	\$413
Finance, Ins. & Real Estate	\$18	\$170	\$186	\$375
Lodging	\$367	\$1	\$0	\$368
Retail Trade	\$193	\$31	\$42	\$266
Recreation & Entertainment	\$241	\$9	\$6	\$257
Business Services	\$6	\$138	\$32	\$176
Construction and Utilities	\$103	\$39	\$12	\$154
Education and Health Care		\$1	\$107	\$108
Personal Services	\$27	\$26	\$29	\$82
Other Transport	\$45	\$27	\$8	\$80
Wholesale Trade		\$41	\$26	\$66
Gasoline Stations	\$58	\$2	\$3	\$63
Government	\$52	\$10	-\$3	\$59
Communications		\$38	\$19	\$57
Air Transport	\$24	\$1	\$0	\$25
Manufacturing	\$2	\$15	\$3	\$20
Agriculture, Fishing, Mining		\$2	\$1	\$3

Source: IMPLAN, Tourism Economics

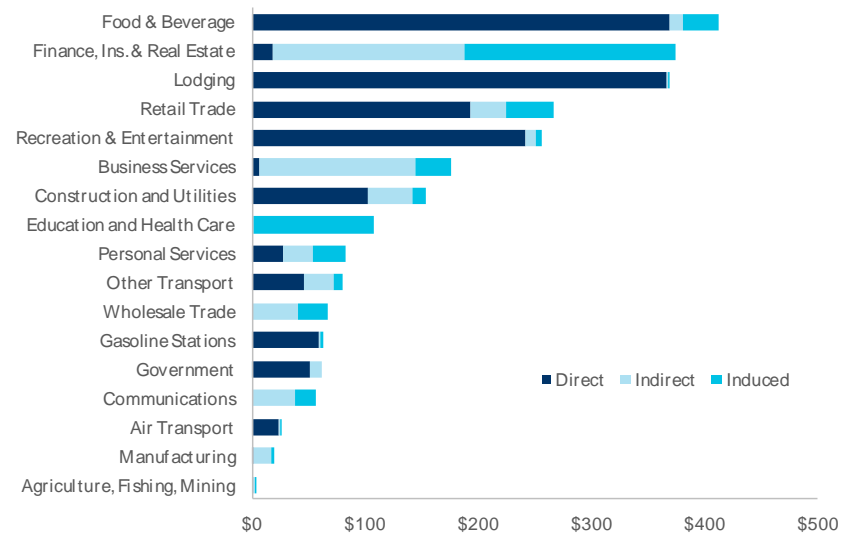
# ECONOMIC IMPACTS

## GDP

In South Dakota, restaurant spending by visitors creates the most local value with the finance, insurance & real estate industry closely following.

The lodging industry follows as an industry providing value to South Dakota's economy from visitor activity. Ranking 4<sup>th</sup> is the retail trade industry.

### GDP impacts by industry



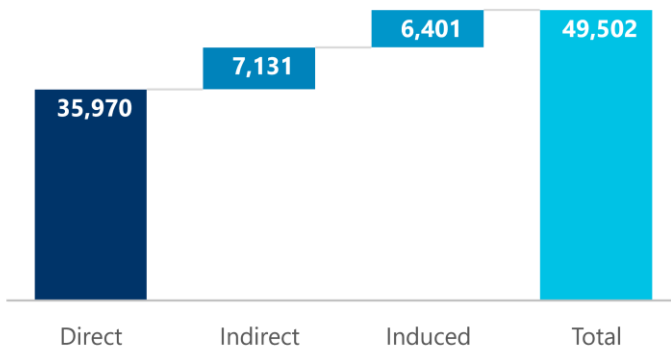
Source: IMPLAN, Tourism Economics

# ECONOMIC IMPACTS

## Employment

Tourism supported a total of 49,500 jobs when indirect and induced impacts are considered. This represents 8.2% of all jobs in the state—or one out of every 12 jobs in South Dakota.

Summary employment impacts (number of jobs)



## Employment Impacts

Amounts in total employment	Direct jobs	Indirect jobs	Induced jobs	Total jobs
<b>Total, all industries</b>	<b>35,970</b>	<b>7,131</b>	<b>6,401</b>	<b>49,502</b>
<b>By industry</b>				
Food & Beverage	12,243	503	1,048	13,794
Recreation and Entertainment	6,660	560	213	7,433
Lodging	6,860	15	6	6,881
Retail Trade	3,995	581	787	5,363
Business Services	63	1,943	534	2,540
Construction and Utilities	1,855	294	108	2,257
Finance, Ins. & Real Estate	230	1,253	758	2,241
Personal Services	1,032	337	594	1,962
Education and Health Care		59	1,718	1,777
Other Transport	825	442	128	1,395
Gasoline Stations	1,216	59	62	1,337
Government	710	247	82	1,039
Wholesale Trade		277	192	469
Communications		278	92	371
Manufacturing	74	194	40	307
Air Transport	207	6	6	219
Agriculture, Fishing, Mining		82	34	116

Source: IMPLAN, Tourism Economics



# ECONOMIC IMPACTS

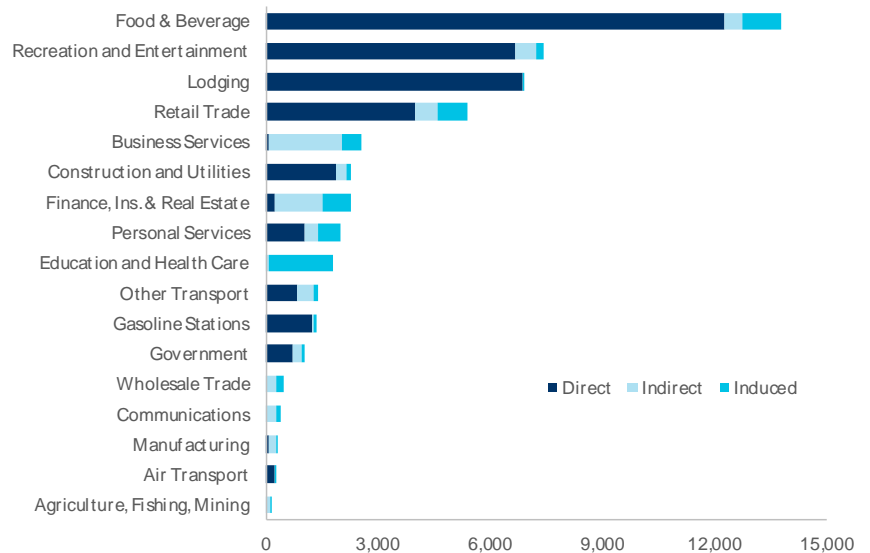
## Employment

Visitor spending supports the largest number of jobs in the food & beverage industry –13,800. The majority of those jobs are directly supported by visitor activity.

Another 7,400 South Dakota jobs are supported by visitor spending in the recreational industry with lodging employment providing 6,900 jobs in South Dakota.

More than 7,100 South Dakota-based jobs were indirectly supported by visitor activity in 2020.

### Employment Impacts



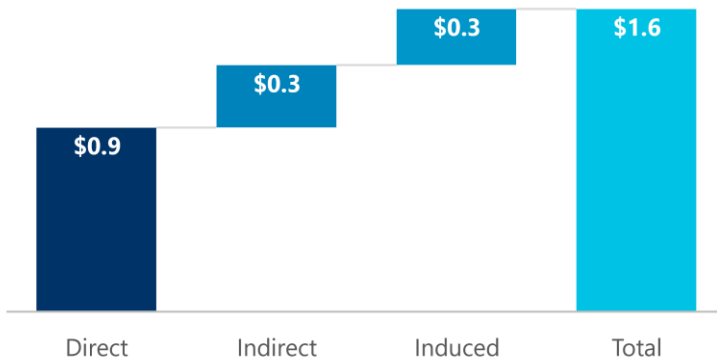
Source: IMPLAN, Tourism Economics

# ECONOMIC IMPACTS

## Personal income

Tourism generated \$944 million in direct income and \$1.6 billion when indirect and induced impacts are considered. These wages and benefits are paid to people whose jobs are located in South Dakota.

Summary personal income impacts (\$ billions)



## Personal income impacts

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
<b>Total, all industries</b>	<b>\$944</b>	<b>\$320</b>	<b>\$289</b>	<b>\$1,552</b>
<b>By industry</b>				
Food & Beverage	\$241	\$10	\$22	\$273
Lodging	\$183	\$0	\$0	\$184
Retail Trade	\$137	\$17	\$28	\$182
Business Services	\$3	\$103	\$26	\$132
Recreation and Entertainment	\$121	\$6	\$4	\$131
Construction and Utilities	\$89	\$19	\$6	\$114
Education and Health Care		\$1	\$106	\$107
Finance, Insurance and Real Estate	\$6	\$48	\$34	\$89
Personal Services	\$36	\$18	\$24	\$78
Other Transport	\$45	\$22	\$7	\$74
Government	\$34	\$18	\$5	\$57
Gasoline Stations	\$38	\$2	\$2	\$42
Wholesale Trade		\$20	\$14	\$34
Communications		\$18	\$6	\$24
Manufacturing	\$1	\$13	\$3	\$16
Air Transport	\$10	\$0	\$0	\$11
Agriculture, Fishing, Mining		\$4	\$2	\$5

Source: IMPLAN, Tourism Economics

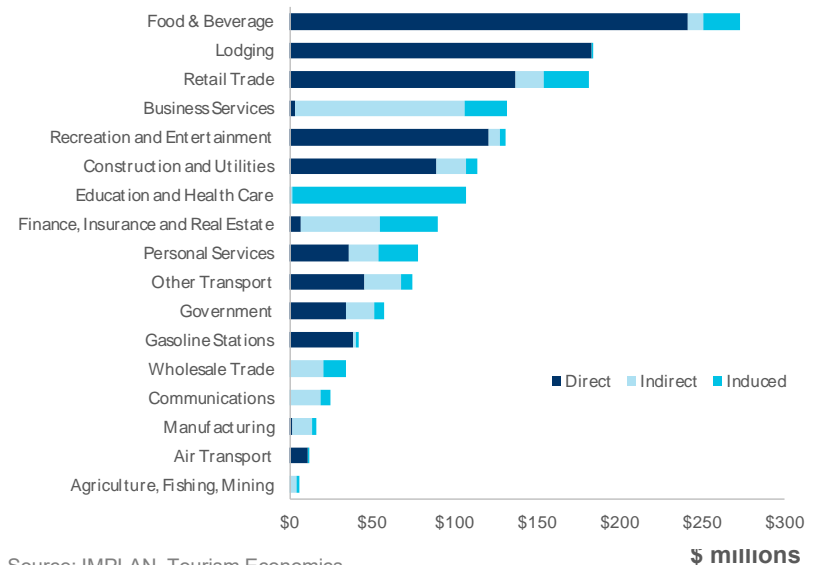
# ECONOMIC IMPACTS

## Personal income

There are seven industries in which visitor activity supports more than \$100 million in personal income. These range from the obvious—food & beverages and lodging, to the less obvious—business services and education & health care.

Despite ranking a distant fifth in terms of jobs supported, the higher wages in the business services industry supported by visitor activity provides \$132 million in income to South Dakota job holders, the fourth largest impact.

### Personal income impacts



# ECONOMIC IMPACTS

## Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated \$612 million in governmental revenues.

State and local taxes alone tallied \$276 million in 2020.

Each household in South Dakota would need to be taxed an additional \$780 per year to replace the traveler taxes received by state and local governments.

## Tax impacts

Amounts in millions of current dollars

	2016	2017	2018	2019	2020
<b>Total</b>	<b>\$661.0</b>	<b>\$661.0</b>	<b>\$675.6</b>	<b>\$698.2</b>	<b>\$612.5</b>
<b>Federal</b>	<b>\$370.0</b>	<b>\$370.0</b>	<b>\$377.3</b>	<b>\$390.6</b>	<b>\$336.5</b>
Personal Income	\$115.6	\$115.6	\$117.7	\$121.9	\$114.3
Corporate	\$53.4	\$53.4	\$54.7	\$56.6	\$34.1
Indirect business	\$25.0	\$25.0	\$25.6	\$26.5	\$21.7
Social insurance	\$176.1	\$176.1	\$179.2	\$185.6	\$166.4
<b>State and Local</b>	<b>\$290.9</b>	<b>\$290.9</b>	<b>\$298.3</b>	<b>\$307.6</b>	<b>\$276.0</b>
Sales	\$146.4	\$146.4	\$150.2	\$154.6	\$133.9
Bed Tax	\$27.5	\$27.5	\$28.2	\$28.9	\$22.4
Personal Income	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Corporate	\$2.5	\$2.5	\$2.5	\$2.6	\$2.0
Social insurance	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Excise and Fees	\$24.9	\$24.9	\$25.6	\$26.5	\$24.4
Property	\$89.4	\$89.4	\$91.6	\$94.9	\$93.1

Source: IMPLAN, Tourism Economics

# ECONOMIC IMPACTS

## Fiscal (tax)

**Visitor spending, visitor supported jobs, and business sales generated significant revenues for state and local governments alike.**

Visitor activity supported \$118 million in state tax revenues in 2020. Local governments received \$157 million in revenue from economic activity associated with visitors.

For the state, sales tax receipts provide a large share of governmental revenues. For local governments, property taxes along with fees, bed, and sales taxes provide the majority of governmental revenues.

## State & local tax impacts

Amounts in millions of nominal dollars

	State	Local
<b>Tax Revenues</b>	<b>\$118.5</b>	<b>\$157.5</b>
Sales	\$96.6	\$37.3
Bed tax	\$0.0	\$22.4
Personal income	\$0.0	\$0.0
Corporate	\$2.0	\$0.0
Social insurance	\$0.2	\$0.0
Excise and fees	\$19.7	\$4.7
Property	\$0.0	\$93.1

Source: IMPLAN, Tourism Economics

# APPENDIX

# GLOSSARY – SPENDING

Term	Description
<b>Lodging</b>	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels and similar establishments.
<b>Food and beverage</b>	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
<b>Recreation</b>	Includes visitors spending within the arts, entertainment and recreation sub-sector.
<b>Shopping</b>	Includes visitor spending in all retail sub-sectors within the local economy.
<b>Local transport</b>	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, and buses.
<b>Service stations</b>	Visitor spending on gasoline.
<b>Second homes</b>	Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.

# GLOSSARY - IMPACTS

Term	Description
<b>Direct Impact</b>	Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discreet group of tourism-related sectors (e.g. recreation, transportation, lodging).
<b>Indirect Impact</b>	Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain).
<b>Induced Impact</b>	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
<b>Employment</b>	Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year.
<b>Personal Income</b>	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
<b>Value Added (GDP)</b>	The economic enhancement a company gives its products or services before offering them to customers.
<b>Local Taxes</b>	City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses and other revenues streams of local governmental authorities – from transportation to sanitation to general government.
<b>State Taxes</b>	State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees and other assessments of state governments.



# ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

[info@tourismeconomics.com](mailto:info@tourismeconomics.com)