

Economic Impact of Tourism in South Dakota - 2022

December 2022

Prepared for: South Dakota Office of Tourism



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INTRODUCTION

PROJECT BACKGROUND

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 the state's economy. Two points showing tourism's importance in 2022 are that visitor activity supported 1-in-11 jobs in the state and 11% of all state sales tax collections.

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 its tourism economy rebounds. By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the significance of the visitor economy in South Dakota, Tourism Economics developed a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the visitor economy in terms of direct visitor spending, along with total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the state of South Dakota. The model traces the flow of visitor-related expenditures through the state's economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

Visitors included those who stayed in overnight accommodations or traveled more than 50 miles for a day trip outside of their normal routine.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis.

This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

The analysis draws on the following data sources:

- D.K. Shifflet: survey data, including spending and visitor totals for domestic 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, for hotels
- Tax collections: Lodging, amusement, and sales tax receipts
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to South Dakota based on aviation, survey, and credit card information

ECONOMIC IMPACTS

KEY FINDINGS

Interest in travel continued to grow in 2022, helping push visitor activity higher in South Dakota during the year. Strong consumer confidence and demand for travel in 2022 offset rising prices and financial uncertainty for consumers. For South Dakota, off a very strong 2021, these trends resulted in a moderate increase in visitation and stronger increase in visitor spending in 2022.

VISITATION

The number of visitors to South Dakota inched forward to 14.4 million travelers in 2022, in-line with pre-pandemic visitor totals.



14.4 MILLION

Total Visitors to South Dakota in 2022

VISITOR SPENDING

Visitor spending grew to \$4.7 billion in 2022, 15% higher than pre-pandemic heights reached in 2019. Visitor spending increased by nearly \$350 million.



\$4.7 BILLION

Direct visitor spending in 2022

TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$4.7 billion generated a total economic impact of \$7.6 billion in South Dakota in 2022 including indirect and induced impacts. This total economic impact sustained 56,800 jobs and generated \$361 billion in state and local tax revenues in 2022.







\$7.6 BILLION

Total Economic Impact of Tourism in South Dakota in 2022

SUMMARY ECONOMIC IMPACTS

South Dakota Tourism (2022)

			
\$4.7B	\$7.6B	56,800	\$361M
Direct Visitor Spending	Total Economic Impact	Total Jobs Supported	State & Local Taxes Generated



VISITS & VISITOR SPENDING

South Dakota's visitor activity continued to grow in 2022, after recovering from the pandemic in 2021. Despite headwinds from sharp increases in transportation costs, visitation grew moderately with visitor spending growing to reach levels 15% above pre-pandemic highs.

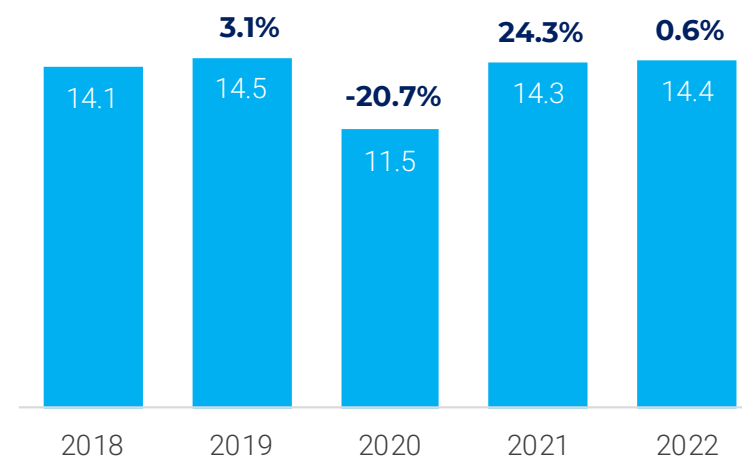
VISITOR VOLUME

Moderate gains in 2022

Visitor volumes continued to build on its post-pandemic growth in 2022. After surging by nearly a quarter in 2021, visitation growth continued at a more moderate pace of around half a percent in 2022. Visitation has reached its pre-pandemic level with the growth over the past two years.

South Dakota visitor volume

Amounts in millions



Sources: D. K. Shifflet, Tourism Economics

VISITOR SPENDING

Visitor spending increased in 2022, building on top of the record levels seen in 2021.

Visitor spending continued to have strong growth in 2022. Visitors spent \$4.7 billion at South Dakota businesses in 2022, an increase of 7.8%.

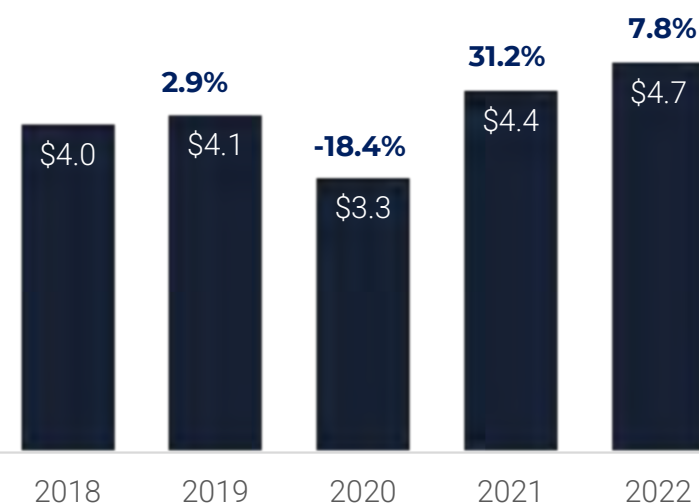
Visitors spent 21 cents of every dollar on food & beverages in the state – a total of \$1.1 billion at businesses from restaurants to grocery stores.

Transportation spending, including the value of airports to the state's economy, grew to the 2nd largest spending category in 2022, also with 21% of each visitor dollar dedicated to transportation costs.

Twenty percent of visitors' total budget spent in South Dakota went to retail establishments with lodging and recreation & entertainment spending capturing the remaining third.

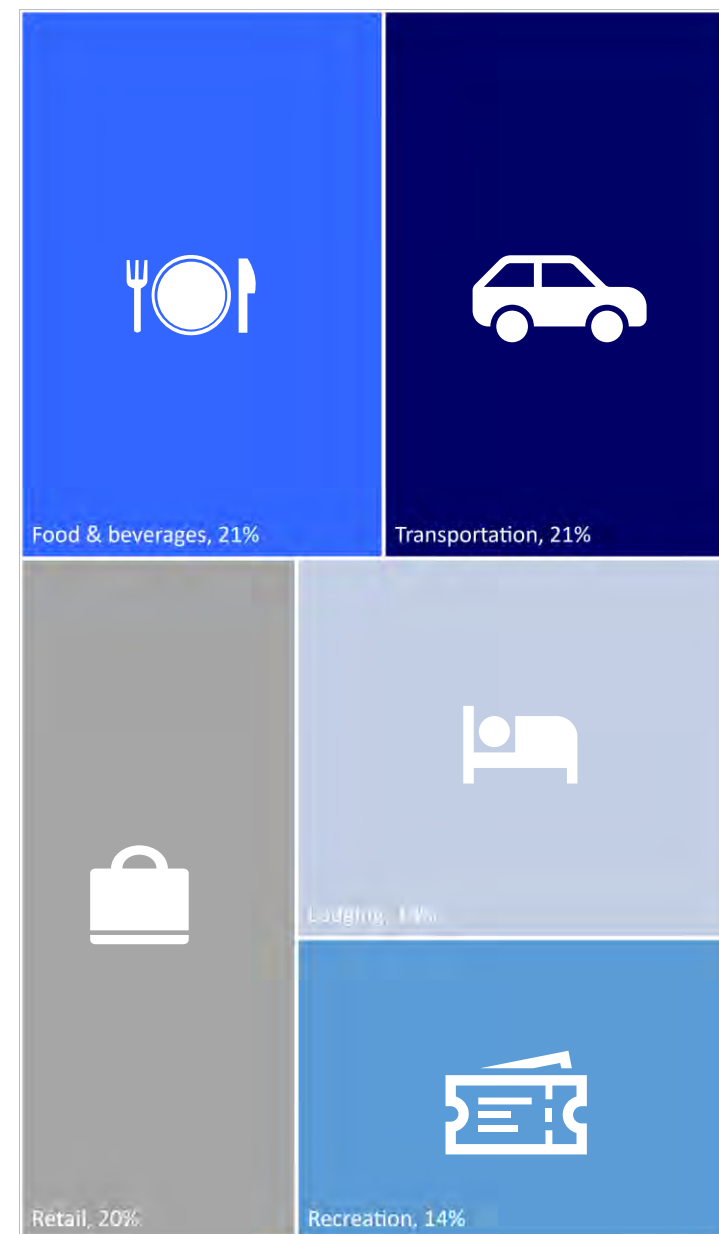
South Dakota visitor spending

Amounts in \$ billions



Sources: D. K. Shifflet, Tourism Economics

 **\$4.7 BILLION**
Total Visitor Spending in 2022



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes. Transport includes both air and local transportation.

VISITOR SPENDING TRENDS

Spending continued to increase across all sectors in 2022. Transportation spending by travelers in the state jumped \$140 million to rebound past \$1.0 billion. Overall transportation spending in the state is now 10% above pre-pandemic (2019 levels).

With leisure travel leading the growth in overall visitor activity and recreational spending a key spending category for leisure travelers, recreational spending increased 7.6% in 2022 - 19% above pre-pandemic levels (2019).

Lodging spending neared \$900 million in 2022, levels that are 17% higher than pre-pandemic.

Retail spending increased by nearly \$100 million in 2022, the second largest growth among the categories. Retail spending by visitors is now \$145 million higher than it was before the pandemic in 2019.

South Dakota visitor spending and annual growth

Amounts in \$ millions, 2022 % change, and % recovered relative to 2019

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Total visitor spending	\$3,982	\$4,098	\$3,343	\$4,387	\$4,730	7.8%	115.4%
Lodging*	\$740	\$769	\$604	\$888	\$898	1.1%	116.7%
Food & beverage	\$885	\$917	\$806	\$1,014	\$1,064	4.9%	116.1%
Retail	\$838	\$863	\$745	\$914	\$1,008	10.3%	116.8%
Recreation	\$598	\$605	\$489	\$669	\$720	7.6%	119.0%
Transportation**	\$922	\$944	\$700	\$902	\$1,040	15.3%	110.2%

Source: Tourism Economics

* Lodging includes second home spending

** Transportation includes both ground and air transportation



VISITOR SPENDING DISTRIBUTION - LEVELS

Looking at visitor spending over the last five years, it is noteworthy to see the spending levels in 2021 and 2022 show strong increases even over the pre-pandemic period. Food & beverage spending has increased by \$180 million since 2018 with retail spending up \$170 million in the same period. Lodging spending has grown \$160 million since 2018 – and these increases ignore the impact that the pandemic had on visitor activity. Two categories surpassed \$1 billion in 2022 – transportation and retail – joining food & beverage spending as billion-dollar categories in South Dakota.

VISITOR SPENDING DISTRIBUTION - SHARES

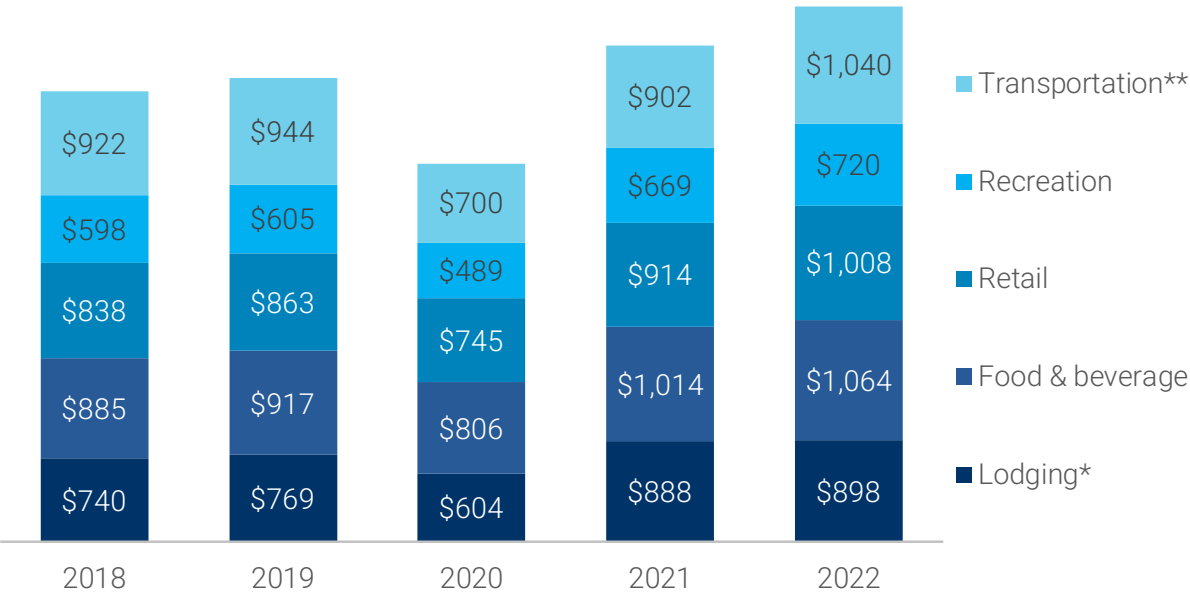
Travel prices were an important factor in traveler activity in 2022. Gas prices averaged around \$3.76 in the region, an increase of 90 cents over 2021. This increase both pushed spending on transportation higher and affected spending in retail, food, and recreation. This resulted in a higher share of each visitor dollar being dedicated to transportation spending in the state. The share of the visitor dollar spent in-state grew by nearly 1.5 percentage points to 22%.

The strong growth in retail spending supported a one-point jump in the share of the visitor dollar spent at retail outlets, to 21.3% in 2022. This is in-line with pre-pandemic shares.

After surging in 2021, the share of the visitor dollar spent on lodging fell below 20% in 2022.

Visitor spending in South Dakota, 2017-2022

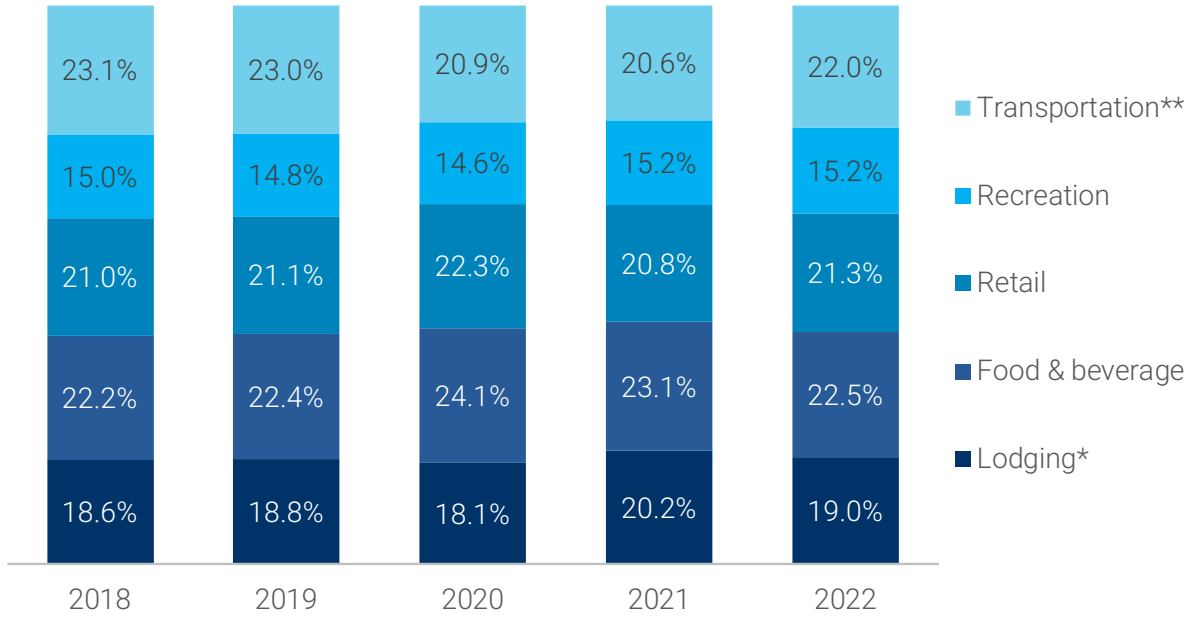
By category, amounts in millions of \$



Sources: D. K. Shifflet, Tourism Economics

Visitor spending shares in South Dakota, 2017-2022

By category, %



Sources: D. K. Shifflet, Tourism Economics

VISITOR ECONOMY TRENDS

The visitor economy looks at a broader range of tourism-related expenditures. These include government support for tourism as well as capital investment (both new structures and machinery and equipment spending).

Overall, traveler demand reached \$4.7 billion in 2022 as domestic traveler spending dominated. Capital investment in support of tourism grew to \$240 million in 2022, an increase of 9%.

Tourism Capital Investment

Amounts in \$ millions

	2017	2018	2019	2020	2021
Total Tourism CAPEX	\$262	\$253	\$204	\$219	\$239
Machinery & equip.	\$166	\$171	\$108	\$125	\$137
Construction	\$96	\$82	\$96	\$94	\$103

Source: FW Dodge, Tourism Economics

VISITOR ECONOMY DISTRIBUTION

In South Dakota, domestic visitor markets increased their relative importance to 92.6% of tourism demand in 2022.

Capital investment in tourism-related construction and machinery & equipment represented 4.7% of all tourism-related demand.

International visitor markets provided 0.7% of demand in 2022. This is still significantly depressed as arrivals have been slow to return. In 2019, international spending accounted for 2.4% of all traveler demand.

The governmental support share was 1.4% of all South Dakota tourism demand in 2022.

South Dakota tourism demand

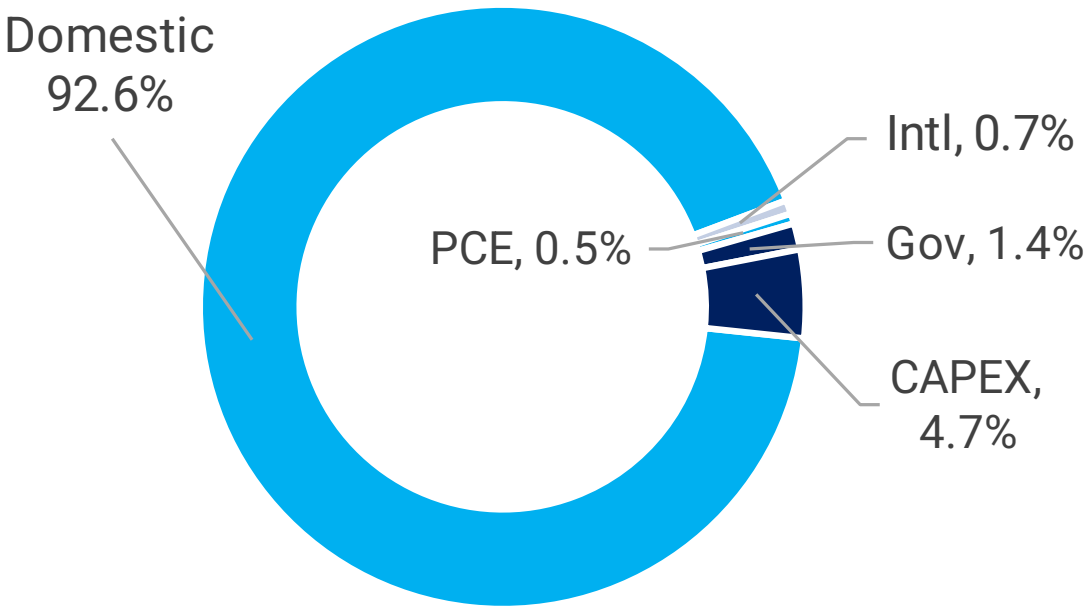
Amounts in \$millions, 2022 % change, and % relative to 2019

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Tourism Demand	\$4,346	\$4,460	\$3,653	\$4,698	\$5,067	7.9%	113.6%
Domestic Visitor	\$3,872	\$3,989	\$3,324	\$4,365	\$4,692	7.5%	117.6%
International Visitor	\$109	\$109	\$19	\$22	\$37	70.3%	34.5%
Non-visitor PCE	\$40	\$43	\$41	\$24	\$27	16.3%	63.6%
Govermental Support	\$62	\$65	\$65	\$68	\$71	3.9%	108.2%
Capital Investment	\$262	\$253	\$204	\$219	\$239	9.2%	94.4%

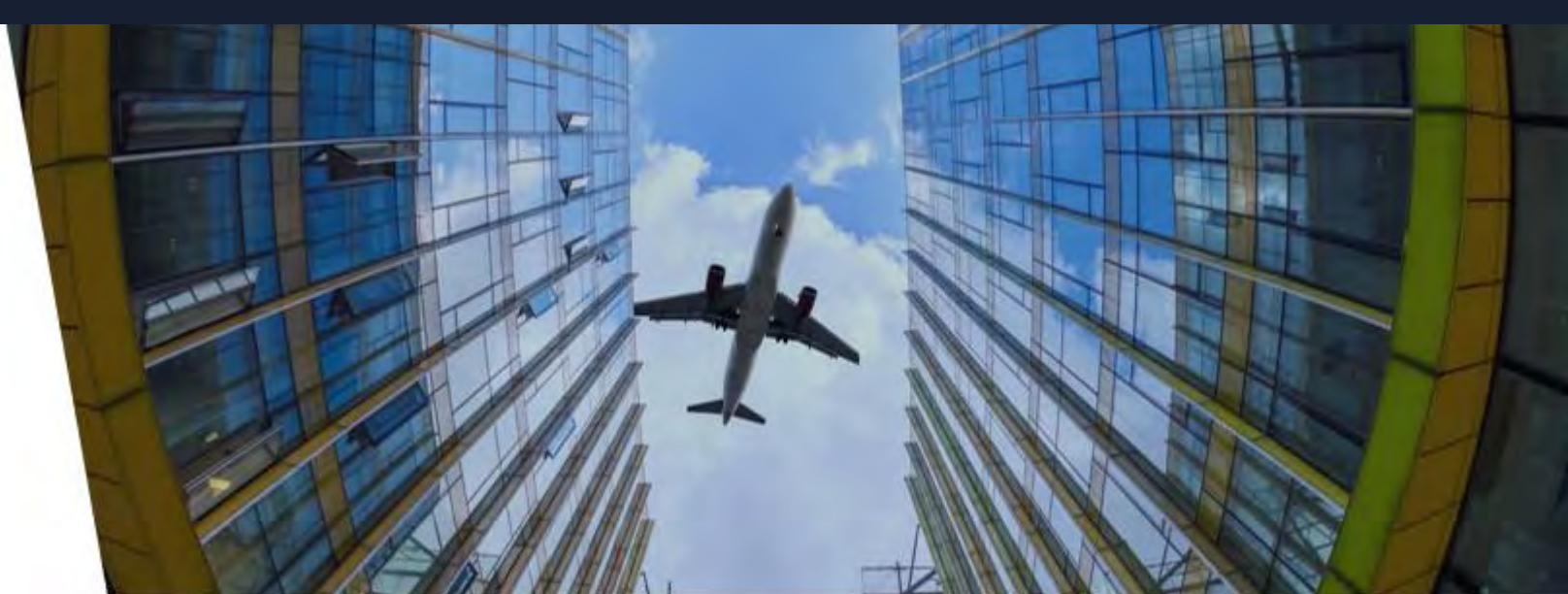
Sources: FW Dodge, DK Shifflet, Tourism Economics

South Dakota tourism demand

Percent distribution



Sources: FW Dodge, DK Shifflet, Tourism Economics



ECONOMIC IMPACT METHODOLOGY

The analysis of the South Dakota visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the South Dakota economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy.

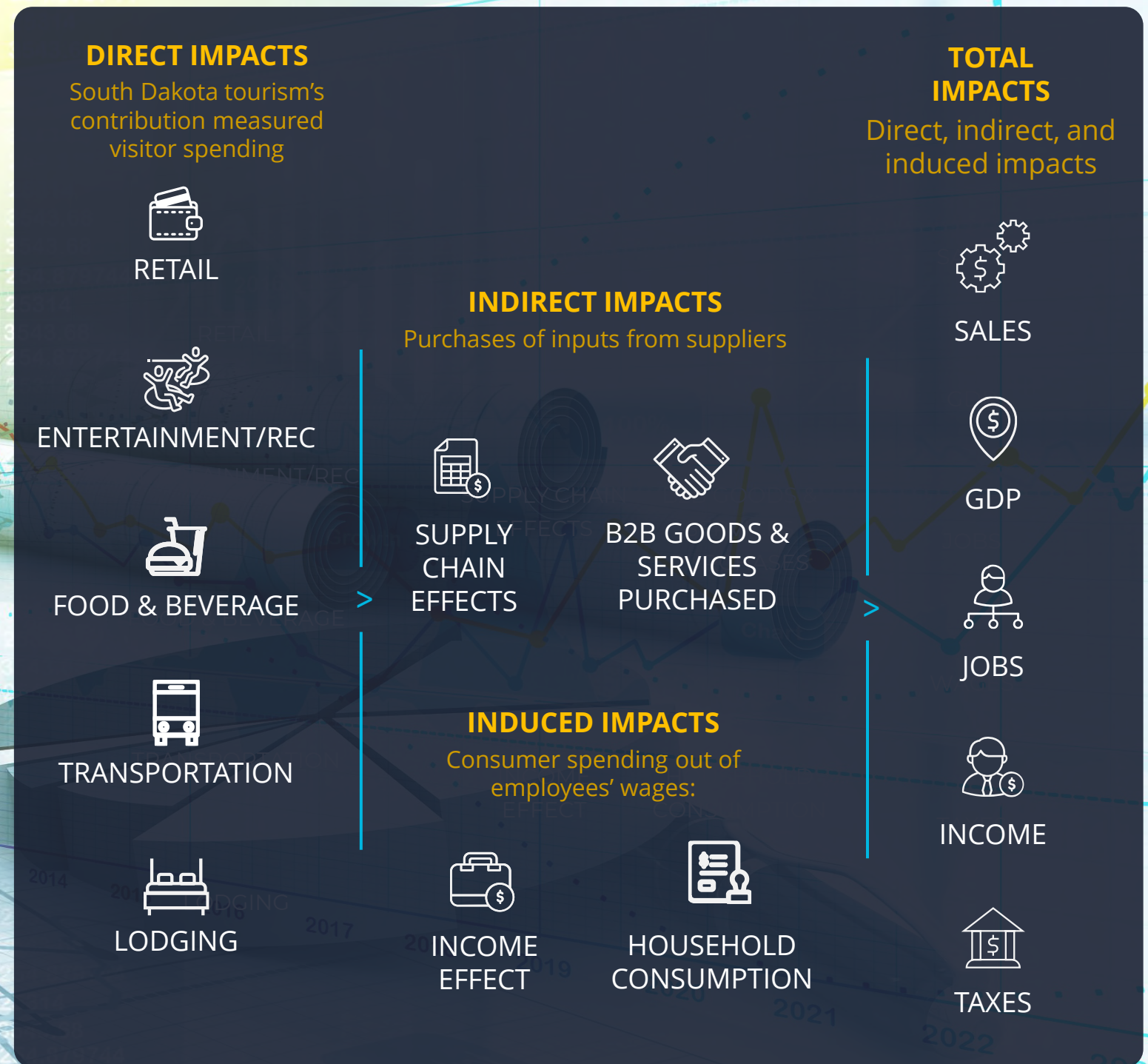
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

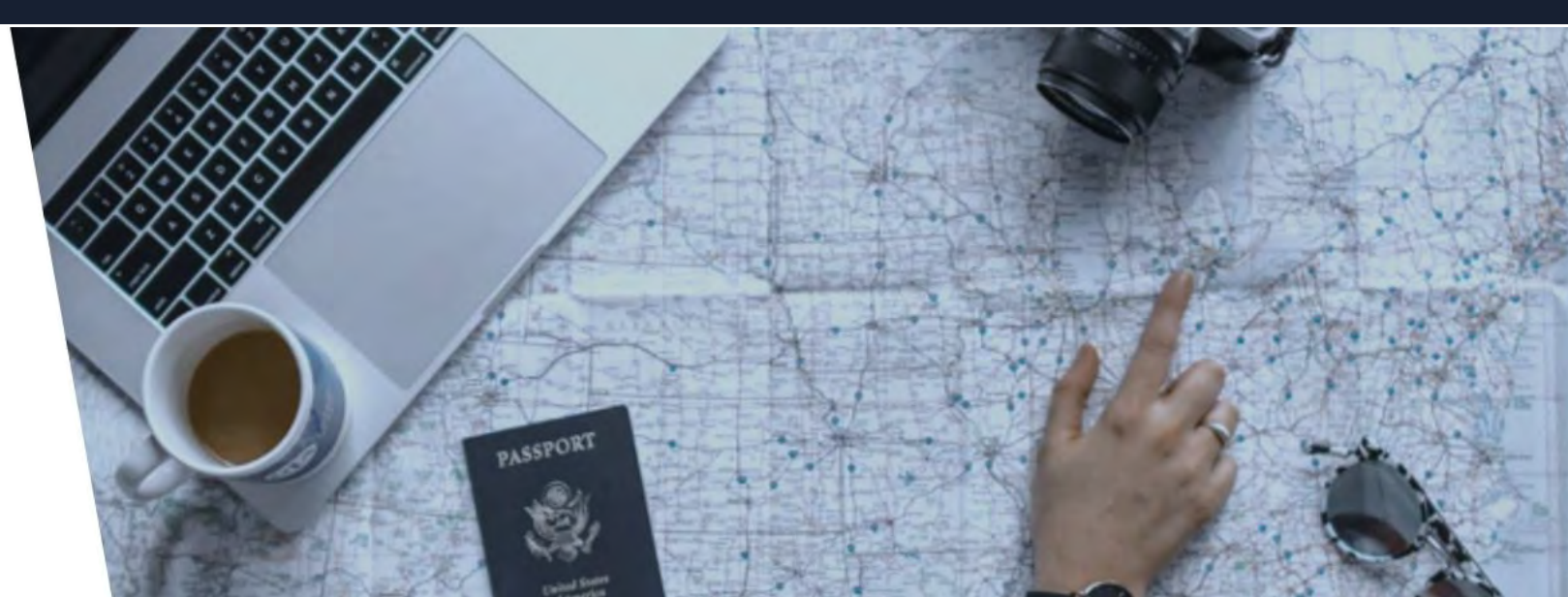
- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes within each sector.
- 2. Indirect impacts:** Each directly affected sector also purchases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

The Tourism Economics model calculates these three levels of impact - direct, indirect and induced - for a broad set of indicators, including:

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

ECONOMIC IMPACT FRAMEWORK





ECONOMIC IMPACT FINDINGS

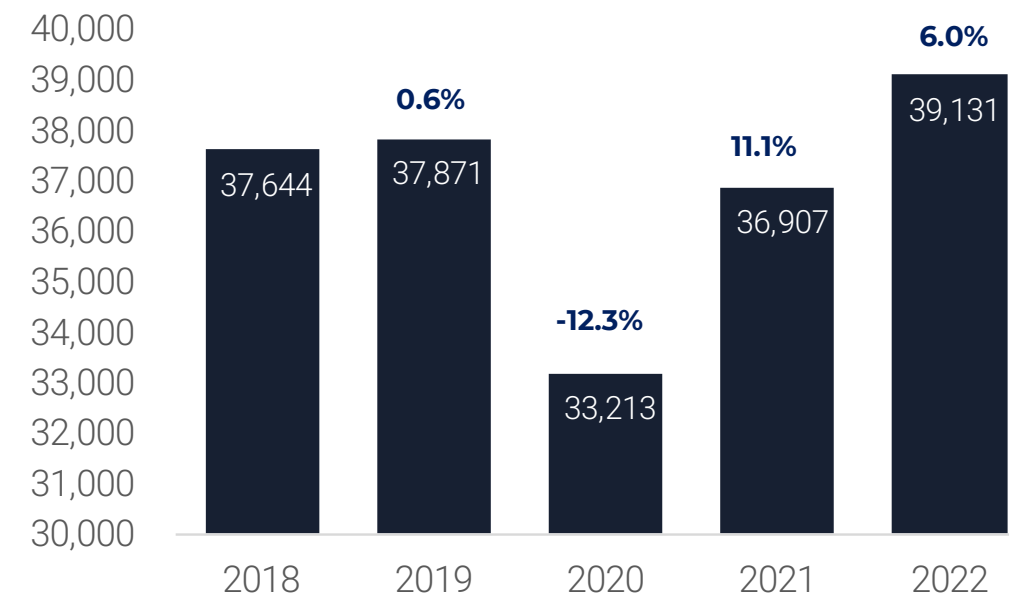
DIRECT IMPACTS

Employment supported by visitor activity rose 6.0% in 2022, rebounding to 39,131 jobs. The number of jobs jumped by more than 2,200 in 2022. With the increase, the number of jobs directly supported by visitors has surpassed pre-pandemic jobs levels by nearly 1,300 jobs.

The evaluation of the direct impact of visitor activity allows for comparisons and rankings against other industries. Comparing employment levels, were direct visitor-associated employment to be ranked against other industries, tourism would rank 7th in the state.

Visitor supported employment in South Dakota

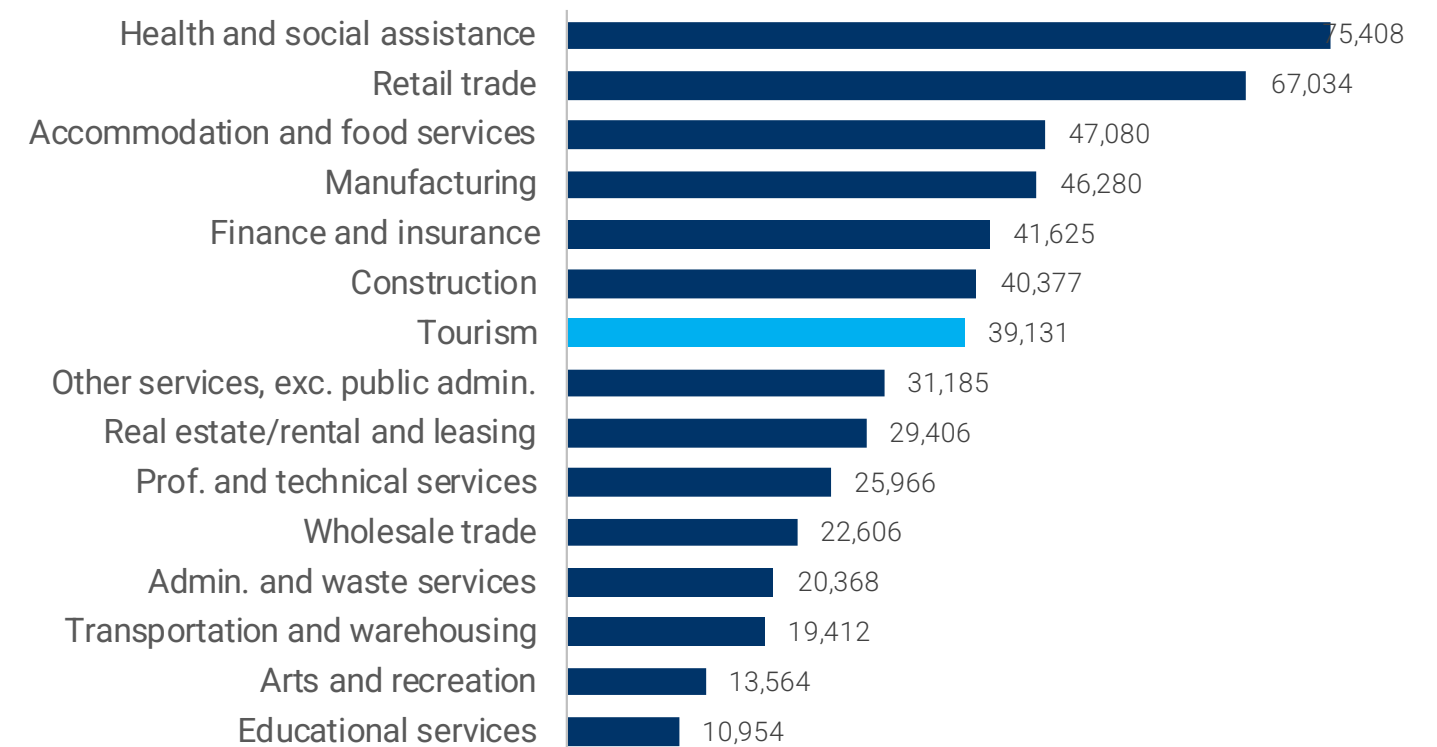
Amounts in number of jobs



Source: Tourism Economics

Employment in South Dakota, by major industry

Amounts in number of jobs



Source: Tourism Economics



ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Spending on hotel rooms, restaurant meals, recreational activities and for shopping and transportation services by visitors reached \$4.7 billion in 2022. Adding in the investment and support of tourism by government resulted in direct traveler demand of \$5.1 billion in 2022. This economic activity generated \$2.5 billion in indirect and induced impacts, resulting in a total economic impact of \$7.6 billion in the South Dakota economy, \$610 million more in sales to local businesses than a year earlier.

Significant benefits accrue in sectors like finance, insurance, and real estate, and business services, education & health care. Companies that interact with tourism-related businesses spent \$317 million on business services like advertising, building services, and lawyers to support their visitor sales.

Summary Economic impacts (2022)

Amounts in \$ billions



Source: Tourism Economics

Business sales impacts by industry (2022)

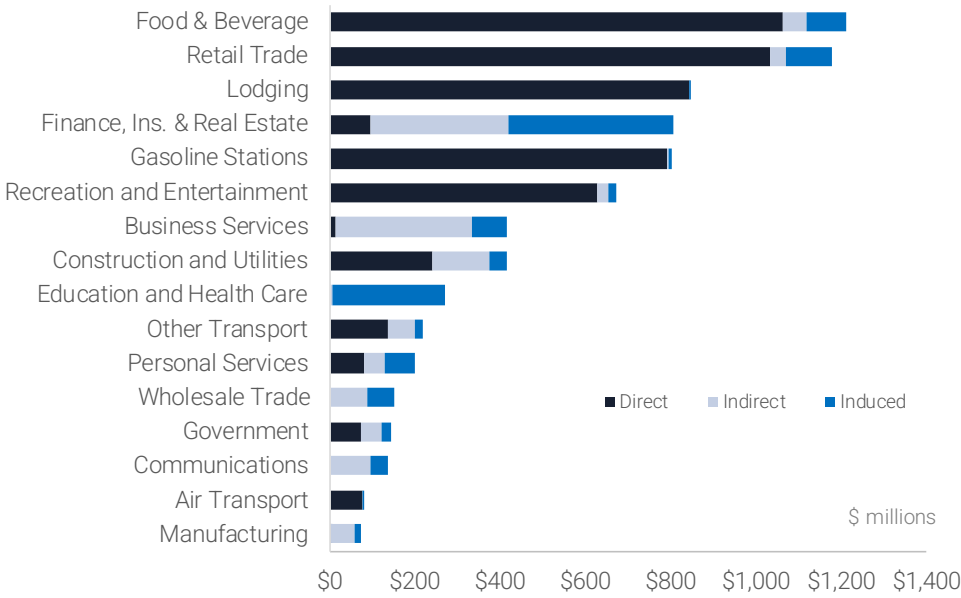
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$5,067	\$1,315	\$1,251	\$7,633
Food & Beverage	\$ 1,064	\$53	\$92	\$1,210
Retail Trade	\$ 1,034	\$38	\$107	\$1,179
Lodging	\$ 841	\$0	\$0	\$842
Finance, Ins. & Real Estate	\$ 95	\$323	\$388	\$806
Gasoline Stations	\$ 791	\$2	\$9	\$801
Recreation and Entertainment	\$ 626	\$29	\$17	\$671
Business Services	\$ 14	\$317	\$84	\$416
Construction and Utilities	\$ 239	\$133	\$43	\$415
Education and Health Care	-	\$4	\$265	\$269
Other Transport	\$ 135	\$62	\$22	\$219
Personal Services	\$ 79	\$48	\$73	\$200
Wholesale Trade	-	\$89	\$61	\$150
Government	\$ 71	\$49	\$24	\$143
Communications	-	\$93	\$41	\$134
Air Transport	\$ 76	\$2	\$2	\$80
Manufacturing	\$ 2	\$54	\$16	\$72
Agriculture, Fishing, Mining	-	\$17	\$8	\$25

Source: Tourism Economics

Visitor economy business sales impacts by industry (2022)

Amounts in \$ millions



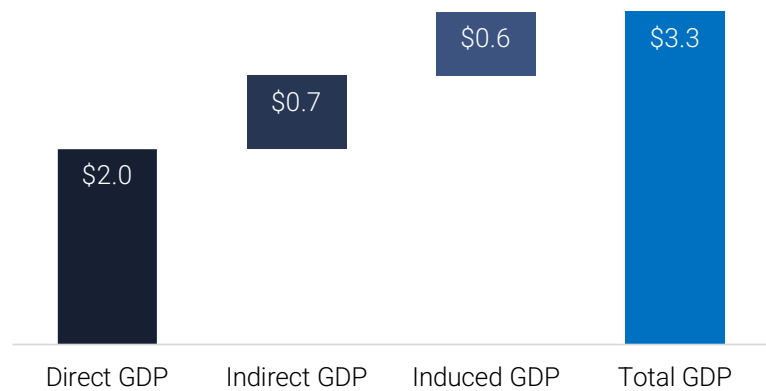
Source: Tourism Economics

VALUE ADDED IMPACTS

The value of all visitor-supported goods & services produced in South Dakota in 2022 for South Dakota visitors was \$3.3 billion, 5.1% of the South Dakota economy.

Summary value-added impacts (2022)

Amounts in \$ billions



Source: Tourism Economics

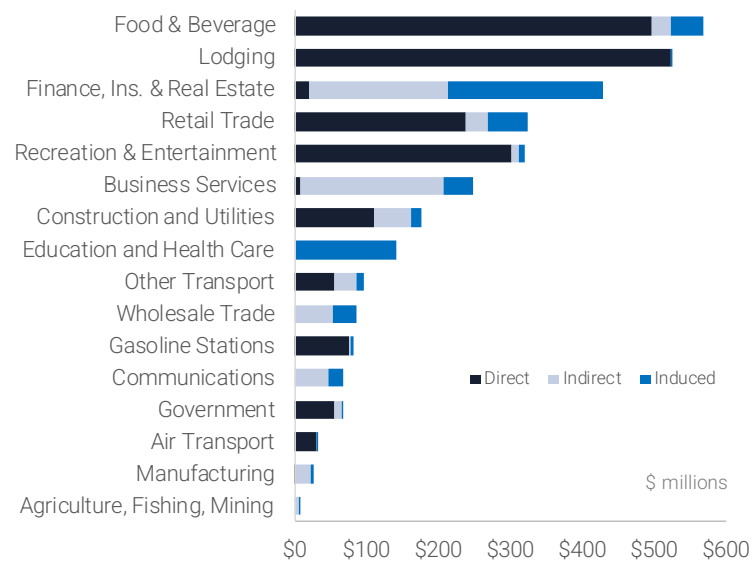
Note: Numbers may not add up due to rounding

The locally produced portion of visitor-supported sales in the finance & real estate industry added \$445 million to state GDP in 2022.

Spending by travel demand-supported workers supported \$145 million in GDP contribution in the education and health care industries, showing how tourism activity supports businesses across the industrial spectrum.

Visitor value-added impacts by Industry (2022)

Amounts in \$ millions



Source: Tourism Economics



Summary value-added impacts by industry (2022)

Amounts in \$ millions

	Direct GDP	Indirect GDP	Induced GDP	Total GDP
Total, all industries	\$ 1,958	\$ 737	\$ 641	\$ 3,336
Food & Beverage	\$ 502	\$ 20	\$ 46	\$ 567
Lodging	\$ 526	\$ 1	\$ 0	\$ 528
Finance, Ins. & Real Estate	\$ 20	\$ 200	\$ 225	\$ 445
Retail Trade	\$ 236	\$ 31	\$ 54	\$ 321
Recreation & Entertainment	\$ 301	\$ 11	\$ 8	\$ 320
Business Services	\$ 8	\$ 214	\$ 42	\$ 264
Construction and Utilities	\$ 110	\$ 54	\$ 15	\$ 179
Education and Health Care	-	\$ 1	\$ 145	\$ 146
Personal Services	\$ 40	\$ 31	\$ 35	\$ 106
Other Transport	\$ 56	\$ 31	\$ 9	\$ 95
Wholesale Trade	-	\$ 54	\$ 33	\$ 86
Gasoline Stations	\$ 75	\$ 3	\$ 4	\$ 81
Communications	-	\$ 50	\$ 20	\$ 70
Government	\$ 54	\$ 10	\$ (2)	\$ 63
Air Transport	\$ 29	\$ 1	\$ 1	\$ 30
Manufacturing	\$ 2	\$ 19	\$ 4	\$ 25
Agriculture, Fishing, Mining	-	\$ 5	\$ 3	\$ 8

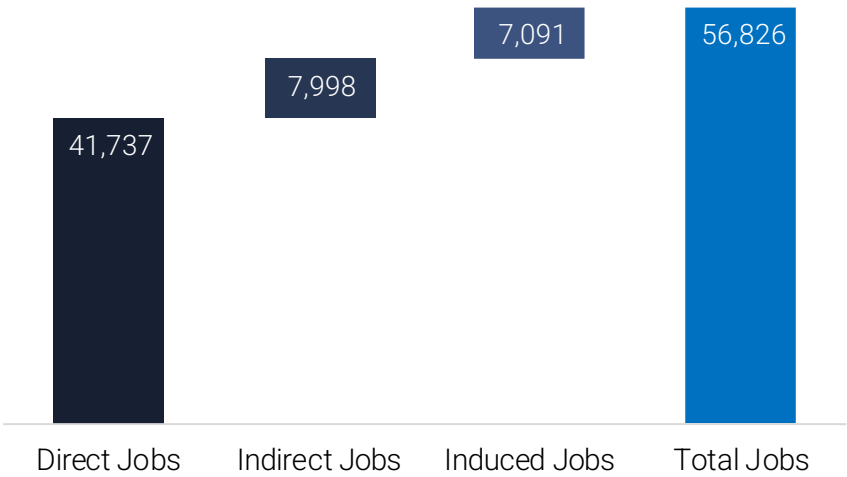
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained 41,737 direct jobs in 2022, with an additional 15,100 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 56,826 in 2022, 1-in-11 jobs in the state.

Summary employment impacts (2022)

Amounts in number of jobs



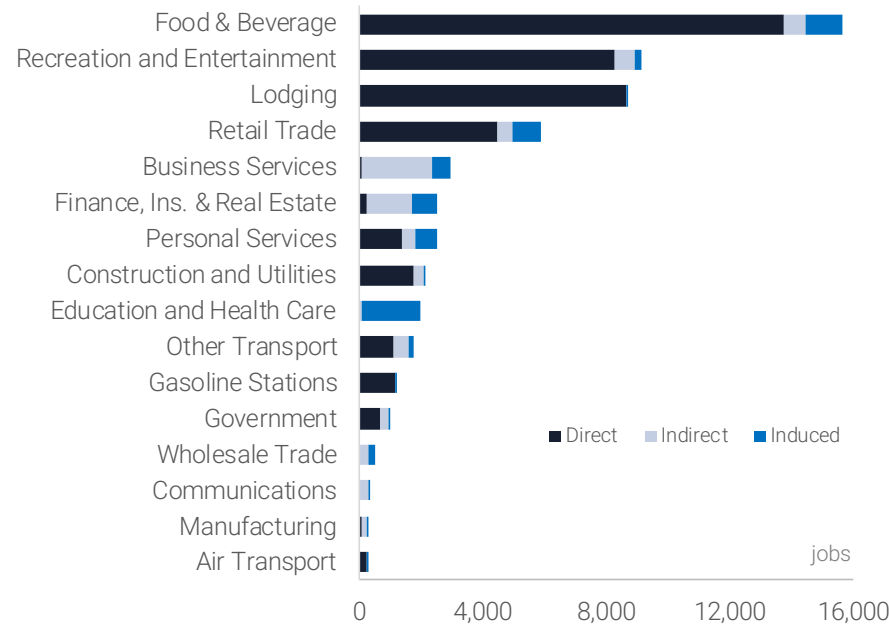
Source: Tourism Economics

With tourism a labor-intensive industry, more of the employment impact is directly from visitor activity, pushing those industries rankings up. Ranking 1st, visitor spending supported the largest number of jobs in the food & beverage industry in 2022, nearly 15,700.

Spending by visitor activity supported nearly 2,000 jobs in education and health care businesses.

Visitor job Impacts by industry (2022)

Amounts in number of jobs



Source: Tourism Economics



Summary employment Impacts by industry (2022)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	41,737	7,998	7,091	56,826
Food & Beverage	13,735	724	1,203	15,663
Recreation and Entertainment	8,260	643	253	9,156
Lodging	8,622	7	3	8,632
Retail Trade	4,488	489	876	5,853
Business Services	68	2,274	587	2,930
Finance, Ins. & Real Estate	226	1,475	805	2,507
Personal Services	1,395	416	690	2,500
Construction and Utilities	1,758	292	106	2,155
Education and Health Care	-	66	1,909	1,975
Other Transport	1,096	484	148	1,728
Gasoline Stations	1,127	39	63	1,229
Government	668	253	85	1,006
Wholesale Trade	-	288	192	480
Communications	-	264	89	353
Manufacturing	62	195	42	298
Air Transport	232	5	5	241
Agriculture, Fishing, Mining	-	84	36	120

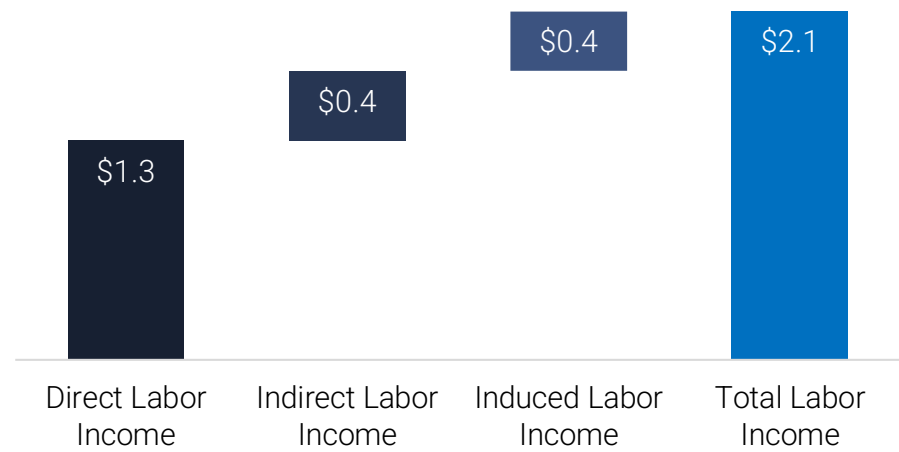
Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$1.3 billion in direct labor income and a total of \$2.1 billion when including indirect and induced impacts. Total tourism-generated income in South Dakota in 2022 rebounded 14% above 2020, \$250 million more in income to South Dakota households.

Summary labor income impacts (2022)

Amounts in \$ billions

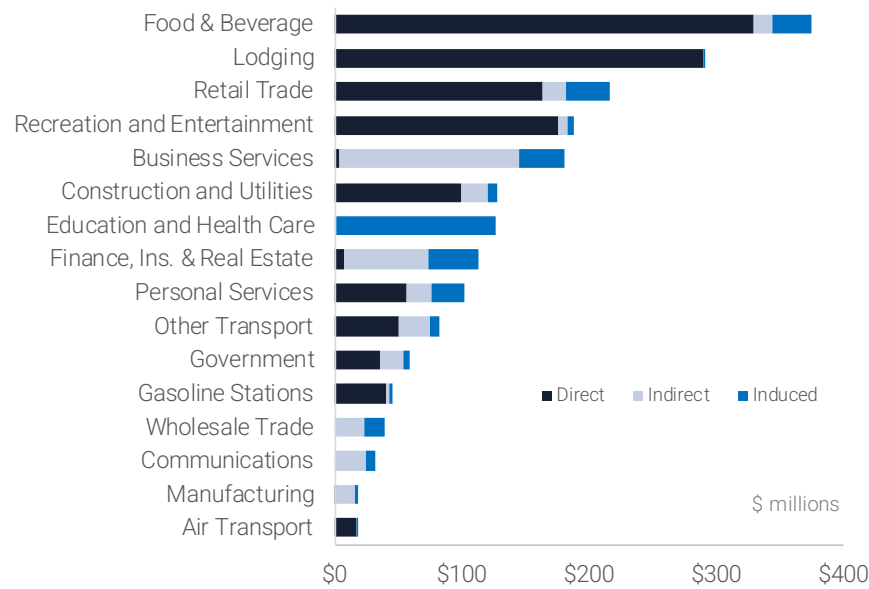


Source: Tourism Economics

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

Visitor labor income Impacts by industry (2022)

Amounts in \$ millions



Source: Tourism Economics



Summary labor income impacts (2022)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$1,297	\$417	\$351	\$2,065
Food & Beverage	\$ 342	\$15	\$31	\$387
Lodging	\$ 301	\$0	\$0	\$301
Retail Trade	\$ 164	\$19	\$35	\$217
Recreation and Entertainment	\$ 183	\$8	\$4	\$195
Business Services	\$ 4	\$145	\$37	\$185
Education and Health Care	-	\$1	\$128	\$129
Construction and Utilities	\$ 99	\$21	\$7	\$127
Finance, Ins. & Real Estate	\$ 7	\$76	\$38	\$121
Personal Services	\$ 48	\$20	\$25	\$94
Other Transport	\$ 50	\$25	\$8	\$82
Government	\$ 35	\$19	\$6	\$59
Gasoline Stations	\$ 42	\$2	\$2	\$46
Wholesale Trade	-	\$24	\$16	\$39
Communications	-	\$25	\$7	\$32
Air Transport	\$ 21	\$0	\$0	\$22
Manufacturing	\$ 1	\$14	\$3	\$18
Agriculture, Fishing, Mining	-	\$5	\$2	\$8

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$800 million in government revenues.

State and local taxes alone tallied \$361 million in 2022, increasing by \$17 million over the prior year.

Each household in South Dakota would need to be taxed an additional \$1,015 to replace the visitor-generated taxes generated by visitor activity in South Dakota and received by state and local governments in 2022.

Fiscal (tax) impacts

Amounts in \$ millions

	2018	2019	2020	2021	2022	2022 Growth
Total Tax Revenues	\$675.6	\$698.3	\$612.5	\$723.4	\$795.2	9.9%
Federal Taxes	\$377.3	\$390.6	\$336.5	\$378.8	\$434.3	14.7%
Personal Income	\$117.7	\$121.9	\$114.3	\$127.8	\$148.5	16.2%
Corporate	\$54.7	\$56.6	\$34.1	\$31.9	\$33.8	5.9%
Indirect Business	\$25.6	\$26.5	\$21.7	\$21.7	\$22.9	5.7%
Social Insurance	\$179.2	\$185.6	\$166.4	\$197.4	\$229.1	16.1%
State and Local Taxes	\$298.3	\$307.7	\$276.0	\$344.6	\$360.9	4.7%
Sales	\$150.2	\$154.7	\$133.9	\$170.3	\$175.2	2.9%
Bed Tax	\$28.2	\$28.9	\$22.4	\$33.3	\$33.7	1.1%
Personal Income	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Corporate	\$2.5	\$2.6	\$2.0	\$2.1	\$2.3	8.3%
Social Insurance	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	14.0%
Excise and Fees	\$25.6	\$26.5	\$24.4	\$28.1	\$29.6	5.4%
Property	\$91.6	\$94.9	\$93.1	\$110.5	\$119.8	8.4%

Source: Tourism Economics

Tourism-supported revenues to state government rose to \$167 million in 2022. The majority of the tourism-supported state revenues are from sales tax collections with excise and fees adding another \$25 million to state coffers.

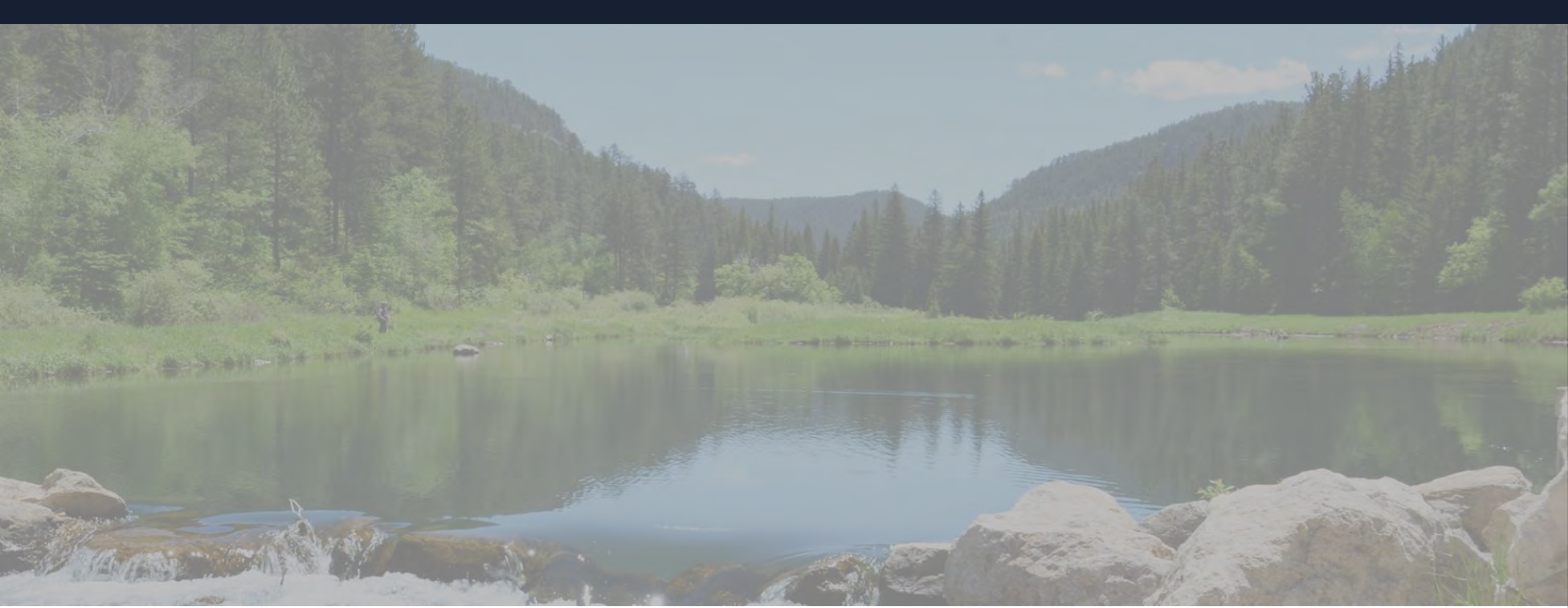
Local tax revenues from visitor activity rose to \$194 million in 2022 with property taxes, bed taxes, and sales taxes supporting local governmental budgets.

Fiscal (tax) impacts

Amounts in \$ millions

	2018	2019	2020	2021	2022
State Taxes	\$131.7	\$135.8	\$118.5	\$160.3	\$167.2
Sales	\$108.4	\$111.6	\$96.6	\$135.1	\$140.2
Bed Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Personal Income	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Corporate	\$2.5	\$2.6	\$2.0	\$2.1	\$2.3
Social Insurance	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Excise and Fees	\$20.6	\$21.3	\$19.7	\$22.8	\$24.5
Property	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Taxes	\$166.6	\$172.0	\$157.5	\$184.3	\$193.7
Sales	\$41.8	\$43.0	\$37.3	\$35.1	\$35.1
Bed Tax	\$28.2	\$28.9	\$22.4	\$33.3	\$33.7
Personal Income	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Corporate	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Social Insurance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Excise and Fees	\$4.9	\$5.1	\$4.7	\$5.3	\$5.1
Property	\$91.6	\$94.9	\$93.1	\$110.5	\$119.8

Source: Tourism Economics



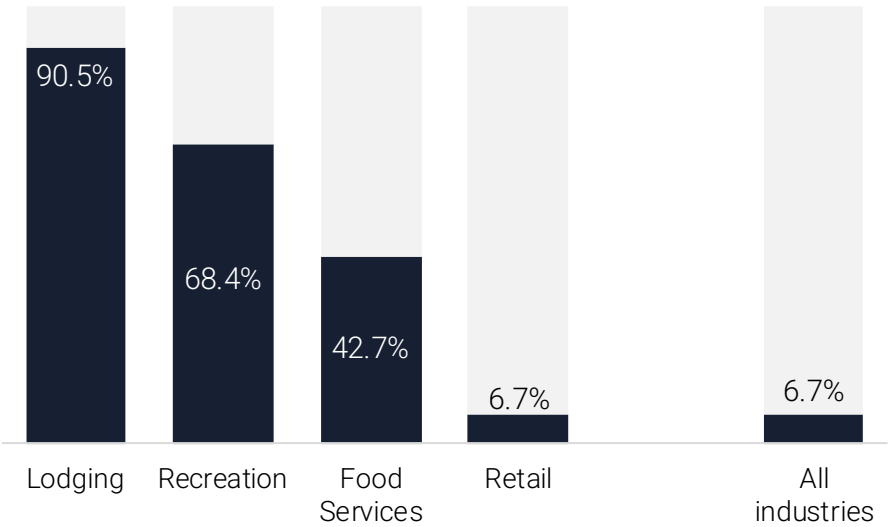
ECONOMIC IMPACTS IN CONTEXT

Visitor activity supports a significant share of employment in several industries with 90% of lodging employment visitor-related. Visitor activity employs two-thirds of jobs in recreational industries and 43% of all restaurant employment.

Direct tourism jobs accounted for 6.7% of all jobs in South Dakota in 2022.

Visitor employment intensity

Direct jobs, visitor-supported share of industry employment



Source: BEA, BLS, Tourism Economics

ECONOMIC IMPACTS IN CONTEXT



\$4.7B VISITOR SPENDING

Visitor spending of \$4.7 billion is 1.5 times the value of calves and cattle sold by South Dakota farms.



\$343M VISITOR SPENDING INCREASE

The \$343 million increase in visitor spending is 3.5 times the cost of a new Expo building at Sioux Empire Fairgrounds.



39,131 JOBS

The number of jobs supported by traveler demand is larger in size than the population of Brown County, the 4th largest county in South Dakota.



\$361M STATE & LOCAL TAXES

Each household in South Dakota would need to be taxed an additional \$1,015 to replace the visitor taxes received by the state and local governments in 2022.

Glossary – Spending Definitions

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

Glossary – Economic Impact Definitions

Term	Description
Direct Impact	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).
Indirect Impact	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).
Induced Impact	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
Employment	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.
Labor income	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
Value Added (GDP)	The economic enhancement a company gives its products or services before offering them to customers.
Local Taxes	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.
State Taxes	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, state, and city 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, London, Frankfurt, Ontario, and Sydney.

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 400 full-time staff, including 300 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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