

Economic Impact of Tourism in South Dakota - 2023

December 2023

Prepared for: South Dakota Department 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 2023 are that visitor activity supported 1-in-11 jobs in the state and 11% of all state sales tax collections are attributable to tourism.

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 visitor 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 overnight or traveled more than 50 miles to the destination.

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
- AirDNA: including demand and revenue data for short-term rentals
- National Park Service, South Dakota Tourism: national and state park visitation data
- 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

Driven by continued interest in local culture and experiences by travelers but countered by economic forces, visitor volumes and spending grew moderately in South Dakota in 2023. South Dakota visitor volume grew 2.3% to reach 14.7 million in 2023, supporting visitor spending that reached \$5 billion, a 4.9% increase.

VISITOR VOLUME

The number of visitors to South Dakota increased 325,000 to 14.7 million travelers in 2023, surpassing pre-pandemic visitor totals for the first time.



14.7 MILLION

Total Visitors to South Dakota in 2023

VISITOR SPENDING

Visitor spending grew to \$5.0 billion in 2023, 21% higher than pre-pandemic heights reached in 2019. Visitor spending increased by \$233 million.



\$5.0 BILLION

Visitor spending in 2023

TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$5.0 billion generated a total economic impact of \$7.9 billion in South Dakota in 2023 including indirect and induced impacts. This total economic impact sustained 57,800 jobs and generated \$384 million in state and local tax revenues in 2023.



\$7.9 BILLION

Total Economic Impact of Tourism in South Dakota in 2023

SUMMARY ECONOMIC IMPACTS South Dakota Tourism (2023)



\$5.0B

Direct Visitor
Spending



\$7.9B

Total
Economic
Impact



57,800

Total
Jobs
Supported



\$384M

State & Local
Taxes
Generated



VISITS & VISITOR SPENDING

South Dakota's visitor activity continued to grow in 2023, after recovering from the pandemic in 2021. With growth supported by continued interest in activities and increases in prices but countered by economic headwinds, visitation grew moderately with visitor spending growing to reach levels 20% above pre-pandemic highs.

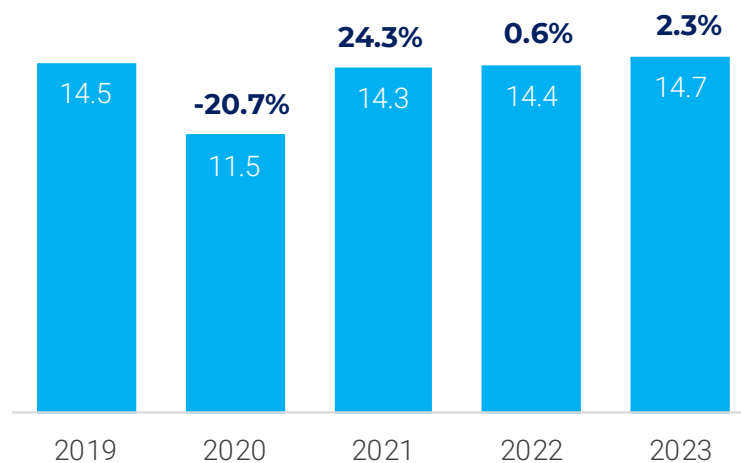
VISITOR VOLUME

Moderate gains in 2023

Visitor volumes continued to build on post-pandemic growth in 2023. After surging by nearly a quarter in 2021, visitation growth continued at a more moderate pace of 2.3% in 2023. Visitation has surpassed its pre-pandemic level with the growth over the past three years.

South Dakota visitor volume

Amounts in millions



Sources: D. K. Shifflet, Tourism Economics

VISITOR SPENDING

Visitor spending increased in 2023, building on top of the record levels seen in 2022.

Visitor spending continued to have strong growth in 2023. Visitors spent \$5.0 billion at South Dakota businesses in 2023, an increase of 4.9%.

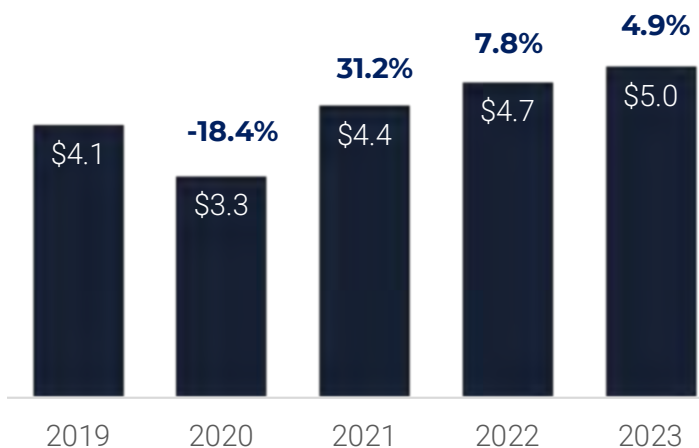
Food & beverage spending by visitors continued to be the largest spending category by visitors with transportation spending in the state very close behind. Both categories each account for about 22 cents of overall visitor spending in South Dakota.

Twenty-one percent of visitors' total budget spent in South Dakota went to retail establishments. Retail continues to be an important spending category for visitors in the state.

Lodging and recreation & entertainment spending captured the remaining third of visitor spending in 2023.

South Dakota visitor spending

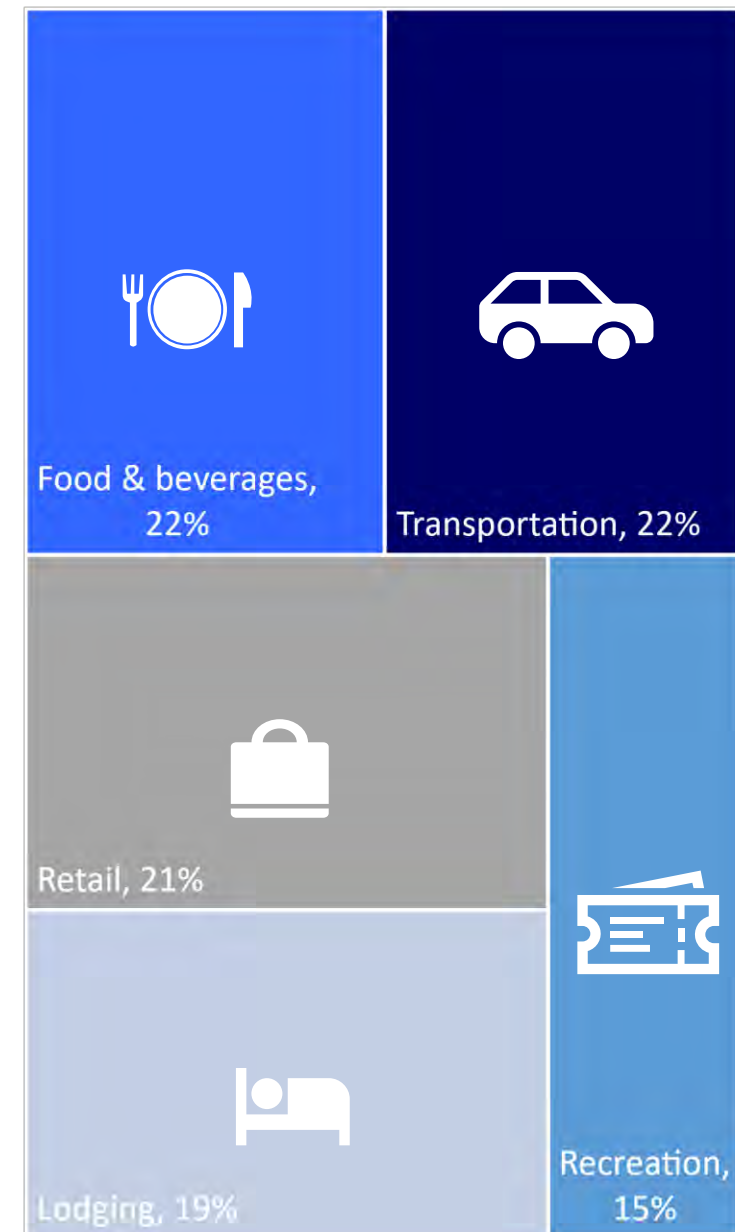
Amounts in \$ billions



Sources: D. K. Shifflet, Tourism Economics

\$5.0 BILLION

Visitor Spending in 2023



Source: Tourism Economics

Note: Lodging spending includes short-term rental and other second homes rental spending. Transportation includes both air and local transportation.

VISITOR SPENDING TRENDS

Visitor spending in three major spending categories continued to grow beyond \$1 billion with a fourth, lodging, closing in on a billion dollars in revenue from visitor activity. Food & beverages and the transportation spending by travelers in the state surpassed \$1.1 billion in 2023.

Spending on experiences and activities continued to be important for travelers in 2023. Recreational spending increased 4.3%, jumping past \$750 million in 2023 and is now 24% above pre-pandemic levels (2019), only trailing lodging in terms of outpacing pre-pandemic levels.

The strongest revenue jump was in the lodging industry. Despite its being the fourth largest spending category, spending on lodging needs increased by \$68 million, reaching \$966 million in 2023.

South Dakota visitor spending and annual growth

Amounts in \$ millions, 2023 % change, and % recovered relative to 2019

	2019	2020	2021	2022	2023	2023 Growth	% relative to 2019
Total visitor spending	\$4,098	\$3,343	\$4,387	\$4,730	\$4,963	4.9%	121.1%
Lodging*	\$769	\$604	\$888	\$898	\$966	7.6%	125.6%
Food & beverage	\$917	\$806	\$1,014	\$1,064	\$1,102	3.6%	120.2%
Retail	\$863	\$745	\$914	\$1,008	\$1,043	3.4%	120.8%
Recreation	\$605	\$489	\$669	\$720	\$751	4.3%	124.1%
Transportation**	\$944	\$700	\$902	\$1,040	\$1,101	5.8%	116.6%

Source: Tourism Economics

* Lodging includes short-term rentals and other second home spending

** Transportation includes both ground and air transportation



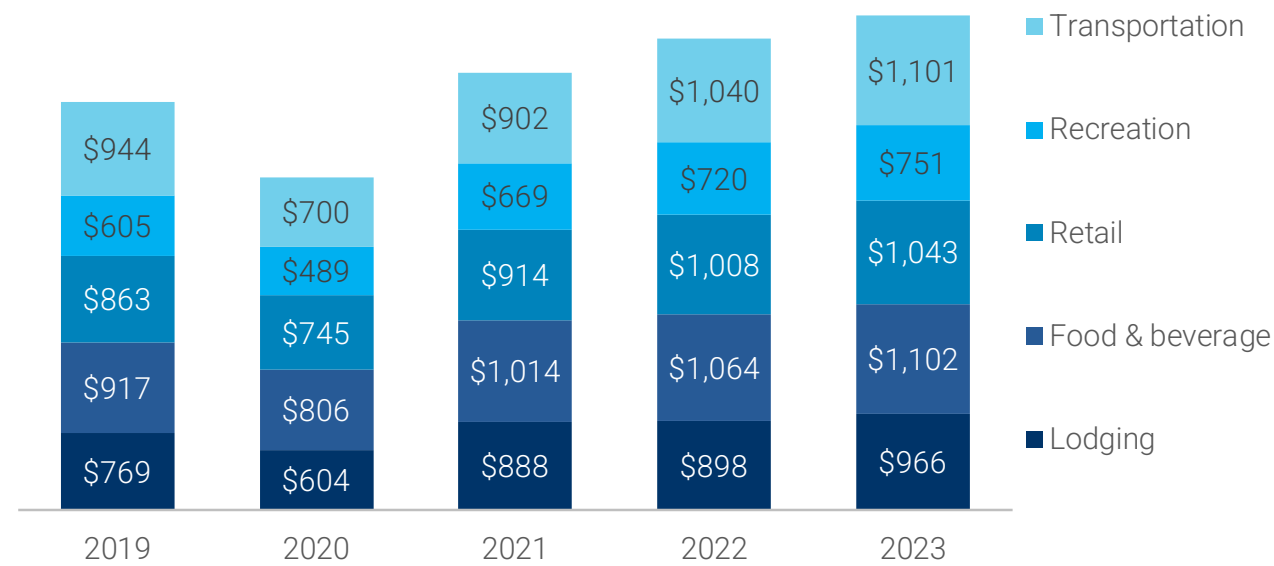
VISITOR SPENDING DISTRIBUTION - LEVELS

With transportation spending increasing by \$61 million in 2023, visitor-related transportation spending surpassed \$1.1 billion and is now only \$1 million behind food & beverage spending.

With the strong \$68 million jump in lodging spending in 2023, lodging spending is now nearly \$200 million higher than pre-pandemic levels, the strongest increase among the spending categories. Food & beverage spending has increased \$186 million over the five-year period even with the pandemic during this period. In fact, spending in all categories has increased by at least \$146 million over 2019 levels.

Visitor spending in South Dakota, 2019-2023

By category, amounts in \$ millions



Sources: D. K. Shifflet, Tourism Economics

VISITOR SPENDING DISTRIBUTION - SHARES

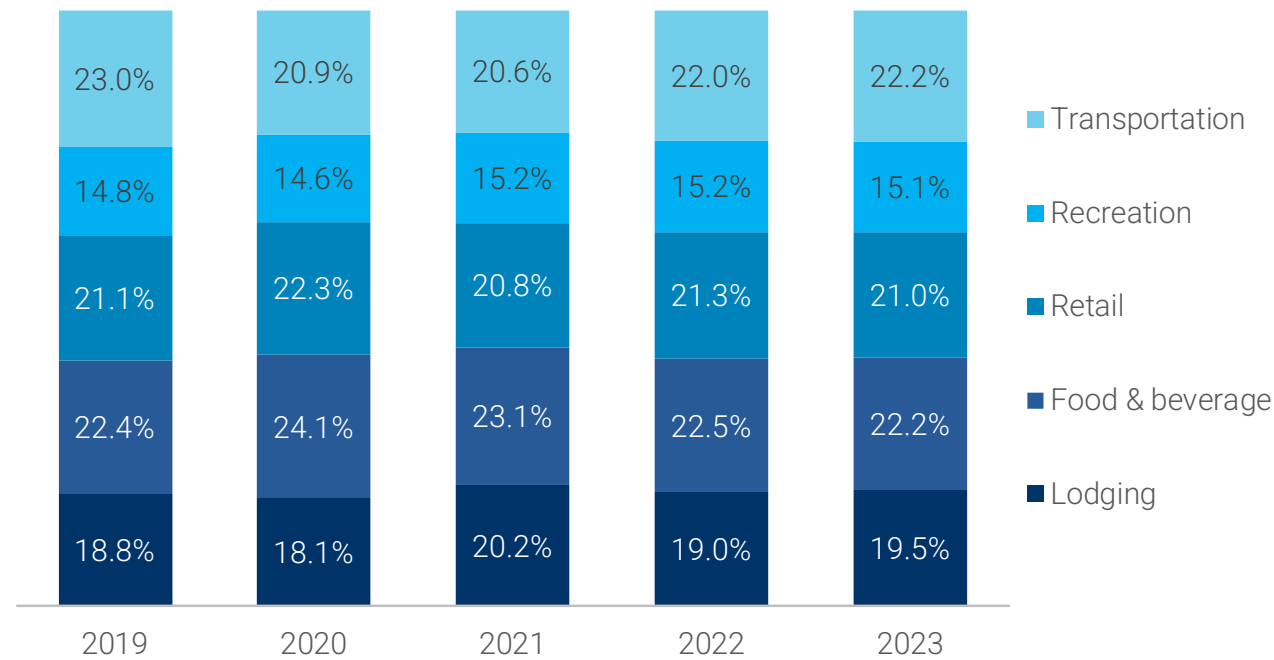
With spending increases across the categories in a narrow range, shares of each category stabilized in 2023. The largest share change was in the lodging category as increases in ADR and in short-term rental spending helped push the lodging share to 19.5% in 2023, up 0.5 percentage points over the prior year.

While retail and food & beverage spending by visitors increased, their shares both decreased by 0.3 percentage points in 2023.

With the recreational spending share remaining above 15% in recent years, above historical levels, this helps show the increased interest from travelers in activities and experiences.

Visitor spending shares in South Dakota, 2019-2023

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 \$5.3 billion in 2023 as domestic traveler spending dominated. Capital investment in support of tourism fell slightly to \$228 million in 2023.

Tourism Capital Investment

Amounts in \$ millions

	2019	2020	2021	2022	2023
Total Tourism CAPEX	\$253	\$204	\$219	\$239	\$228
Machinery & equip.	\$171	\$108	\$125	\$137	\$144
Construction	\$82	\$96	\$94	\$103	\$84

Source: Oxford Economics, Tourism Economics

VISITOR ECONOMY DISTRIBUTION

In South Dakota, domestic visitor markets continued to dominate overall tourism demand at 92.1% of tourism demand in 2023.

Capital investment in tourism-related construction and machinery & equipment represented 4.3% of all tourism-related demand.

International visitor markets provided 1.3% of demand in 2023. 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 1.7% of all South Dakota tourism demand in 2023.

South Dakota tourism demand

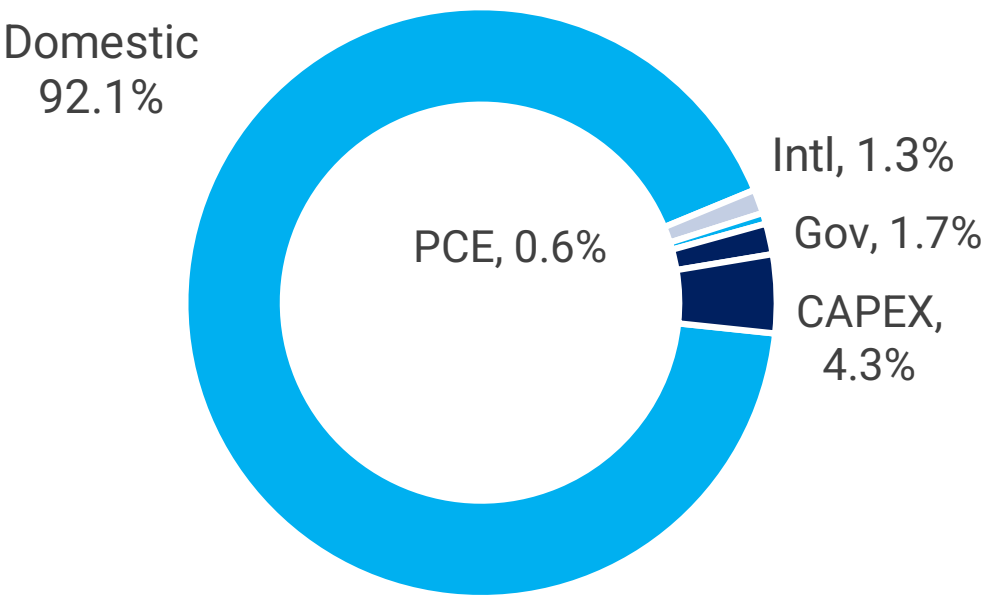
Amounts in \$ millions, 2023 % change, and % relative to 2019

	2019	2020	2021	2022	2023	2023 Growth	% relative to 2019
Tourism Demand	\$4,460	\$3,653	\$4,698	\$5,079	\$5,312	4.6%	119.1%
Domestic Visitor	\$3,989	\$3,324	\$4,365	\$4,692	\$4,893	4.3%	122.6%
International Visitor	\$109	\$19	\$22	\$37	\$70	87.3%	64.6%
Non-visitor PCE	\$43	\$41	\$24	\$27	\$32	16.3%	73.9%
Govemrntal Support	\$65	\$65	\$68	\$82	\$89	8.6%	136.6%
Capital Investment	\$253	\$204	\$219	\$239	\$228	-4.7%	90.0%

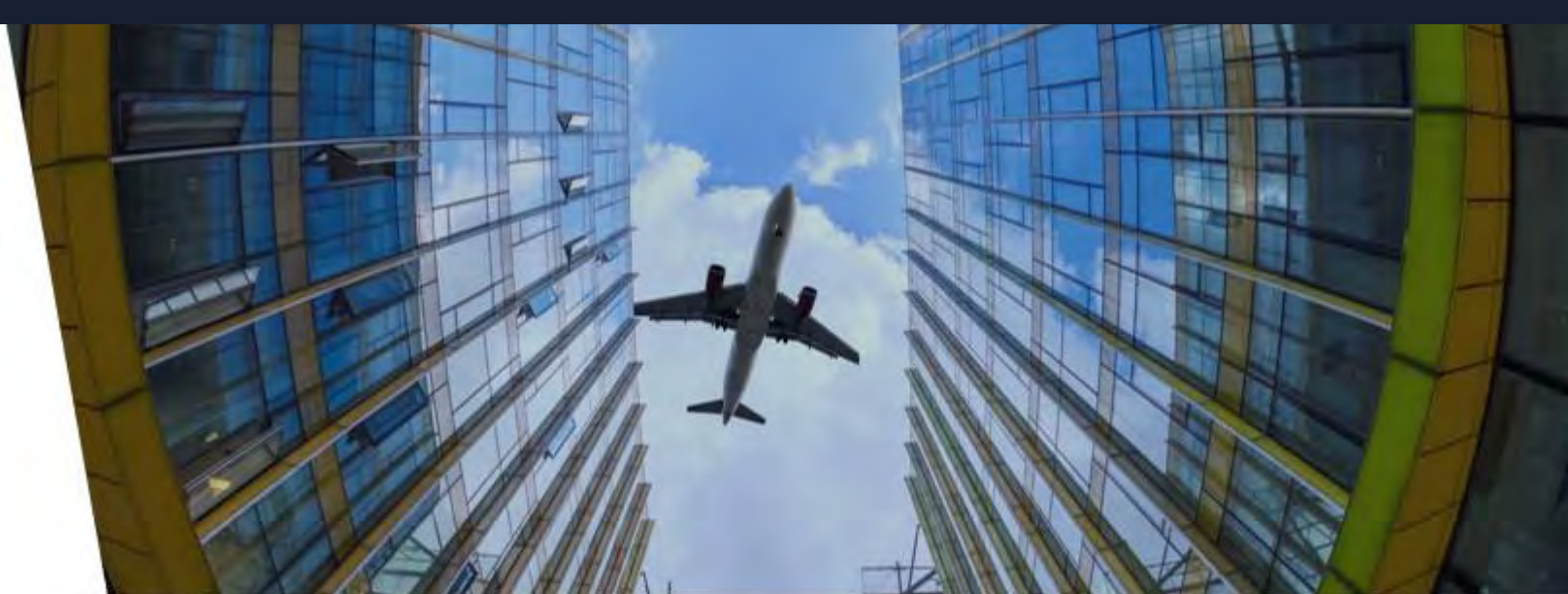
Sources: Oxford Economics, D. K. Shifflet, Tourism Economics

South Dakota tourism demand

Percent distribution



Sources: Oxford Economics, D. K. 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
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

ECONOMIC IMPACT FRAMEWORK

DIRECT IMPACTS
Direct visitor spending, construction, and government support



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers



SUPPLY CHAIN EFFECTS



B2B GOODS & SERVICES PURCHASED

INDUCED IMPACTS

Consumer spending from employees' wages:



INCOME EFFECT



HOUSEHOLD CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and induced impacts



SALES



GDP



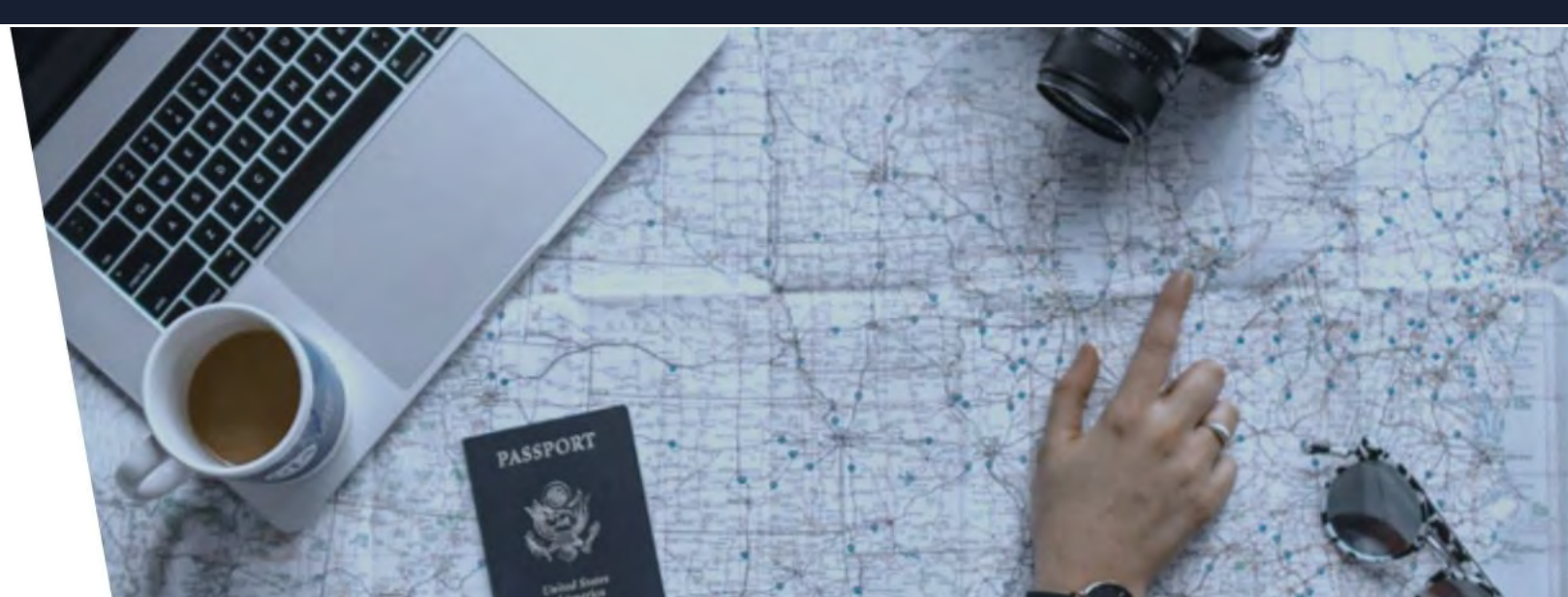
JOBS



INCOME



TAXES



ECONOMIC IMPACT FINDINGS

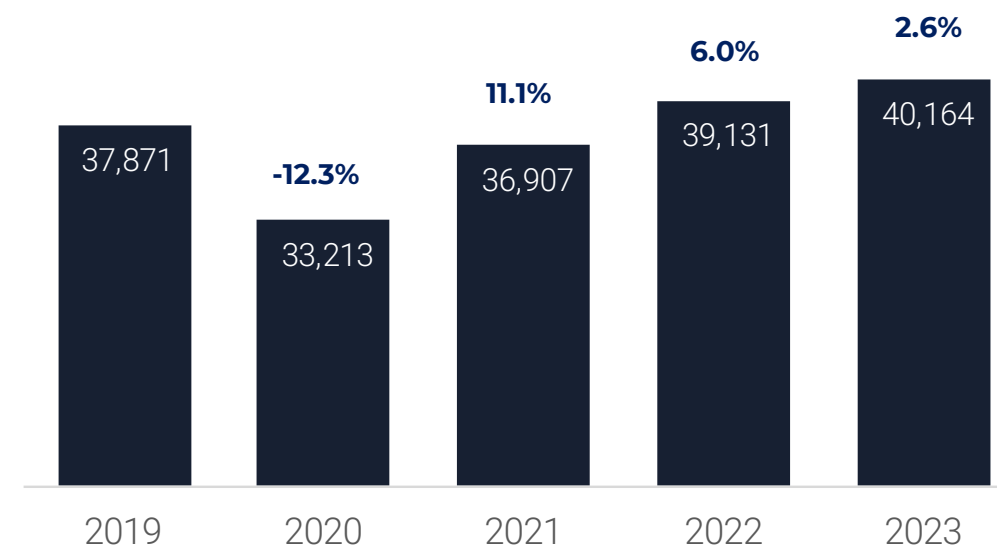
DIRECT IMPACTS

Employment supported by visitor activity rose 2.6% in 2023, surpassing 40,000 jobs. The number of jobs jumped more than 1,000 in 2023. With the increase, the number of jobs directly supported by visitors has surpassed pre-pandemic jobs levels by nearly 2,300 jobs, an increase of 6%. This is a stronger increase in jobs over this five-year period than seen by the overall economy, where job growth was 5.0% despite tourism jobs being affected strongly by the pandemic.

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

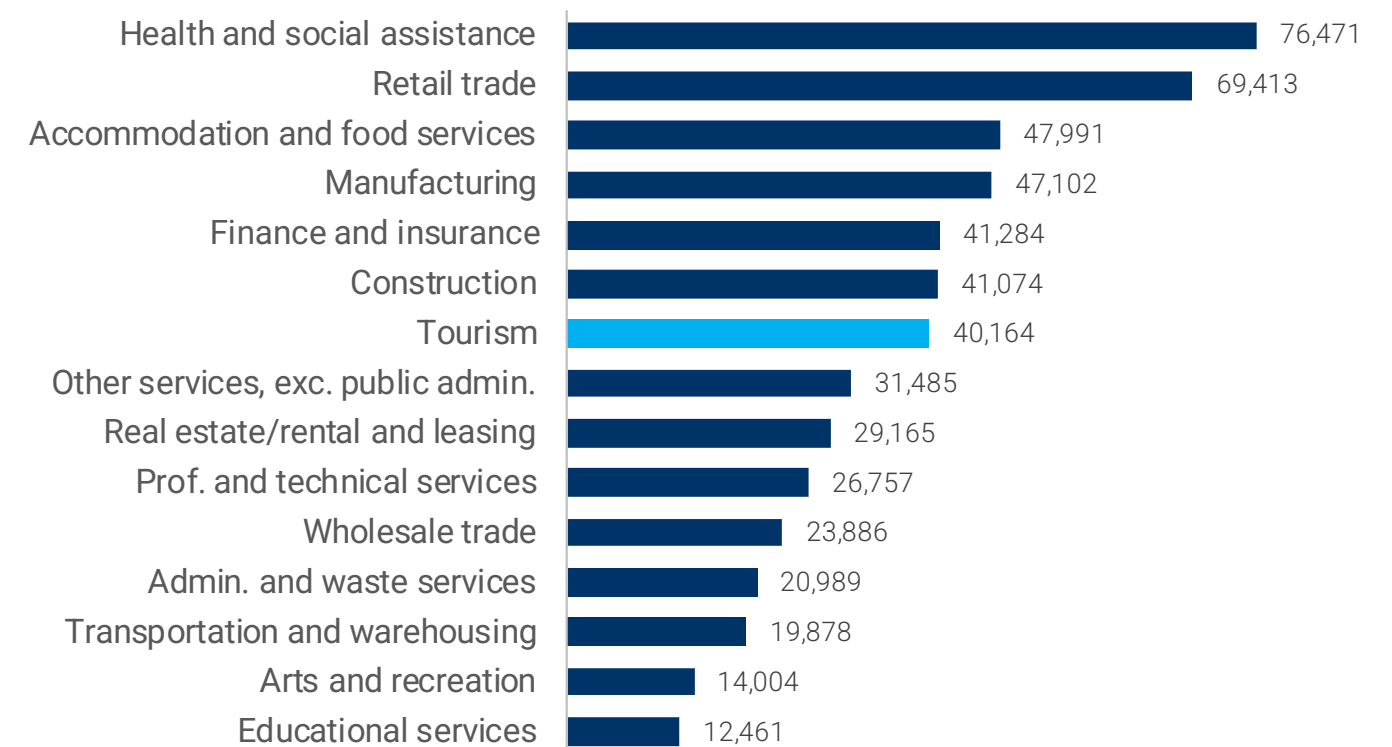
Amounts in number of jobs



Source: Tourism Economics

Employment in South Dakota, by major industry

Amounts in number of jobs



Source: Tourism Economics



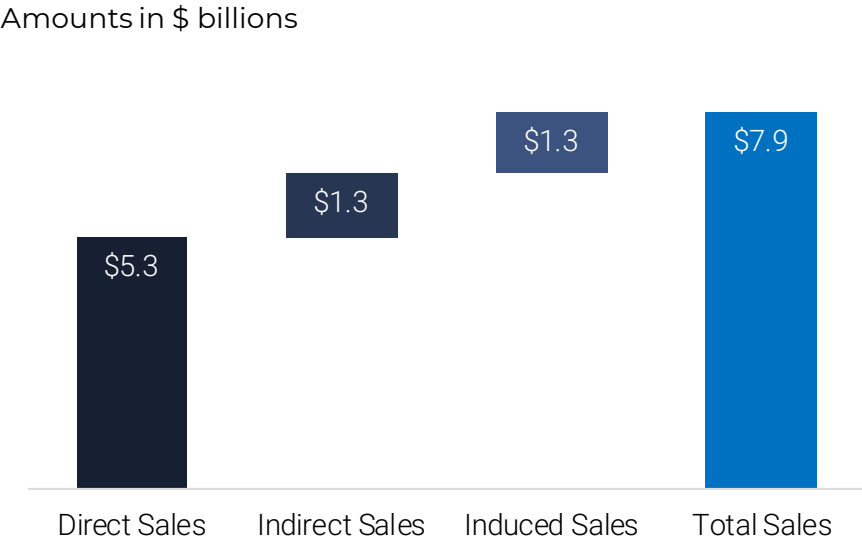
ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Visitor activity supported \$7.9 billion in business sales in South Dakota in 2023. This measure is commonly referred to as the overall economic impact of the tourism economy. This spending was comprised of \$5.0 billion in visitor spending and \$300 million in investment and governmental support of tourism which total to the direct impact of tourism demand. This direct activity supported \$1.3 billion in both indirect and induced impacts, resulting in the total economic impact of visitors on the South Dakota economy.

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 \$316 million on business services like advertising, building services, and lawyers to support their visitor sales.

Summary Economic impacts (2023)



Source: Tourism Economics

Business sales impacts by industry (2023)

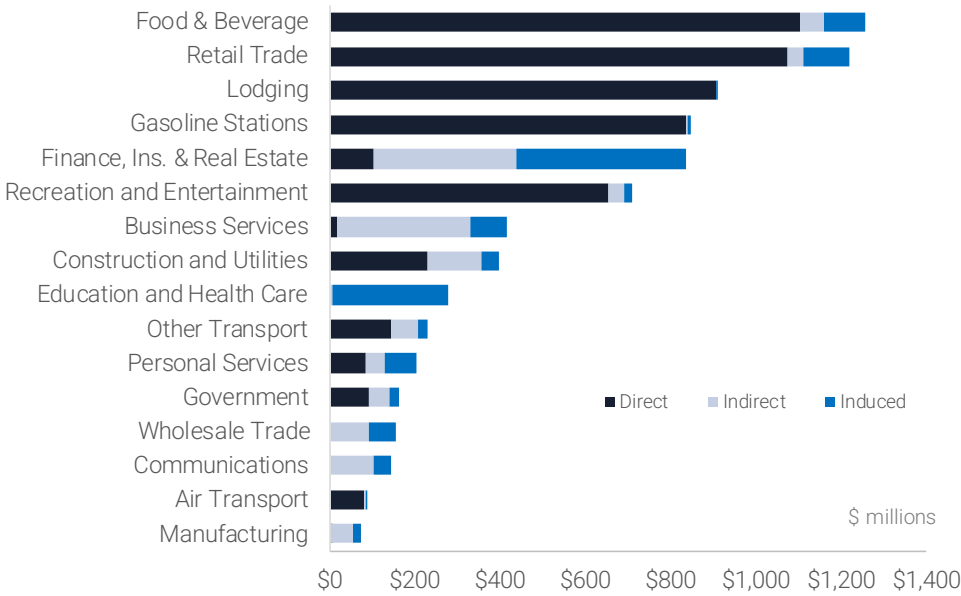
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$5,312	\$1,335	\$1,276	\$7,923
Food & Beverage	\$ 1,102	\$57	\$96	\$1,255
Retail Trade	\$ 1,072	\$39	\$106	\$1,217
Lodging	\$ 905	\$0	\$0	\$905
Gasoline Stations	\$ 837	\$2	\$8	\$847
Finance, Ins. & Real Estate	\$ 102	\$335	\$399	\$836
Recreation and Entertainment	\$ 653	\$37	\$18	\$708
Business Services	\$ 15	\$316	\$83	\$414
Construction and Utilities	\$ 228	\$127	\$42	\$398
Education and Health Care	-	\$4	\$272	\$277
Other Transport	\$ 143	\$63	\$23	\$228
Personal Services	\$ 83	\$45	\$75	\$202
Government	\$ 89	\$50	\$24	\$163
Wholesale Trade	-	\$91	\$63	\$153
Communications	-	\$101	\$41	\$142
Air Transport	\$ 80	\$2	\$2	\$85
Manufacturing	\$ 2	\$53	\$16	\$71
Agriculture, Fishing, Mining	-	\$15	\$7	\$22

Source: Tourism Economics

Visitor economy business sales impacts by industry (2023)

Amounts in \$ millions



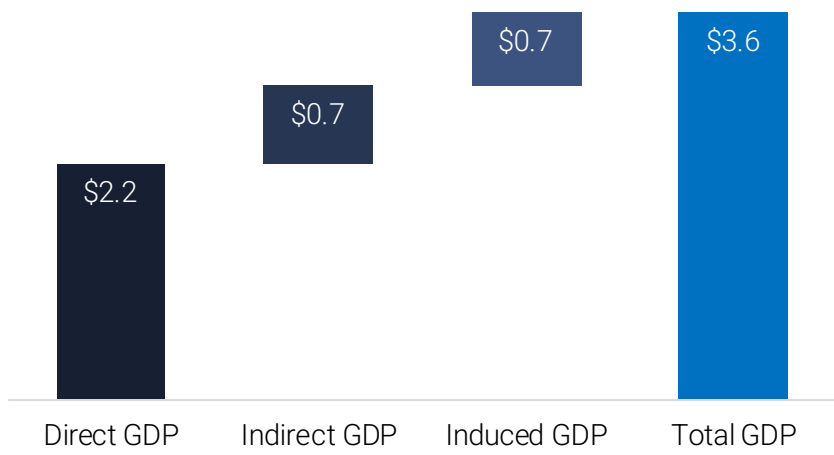
Source: Tourism Economics

VALUE ADDED IMPACTS

The value of all visitor-supported goods & services produced in South Dakota in 2023 for South Dakota visitors was \$3.6 billion, 5.0% of the South Dakota economy.

Summary value-added impacts (2023)

Amounts in \$ billions

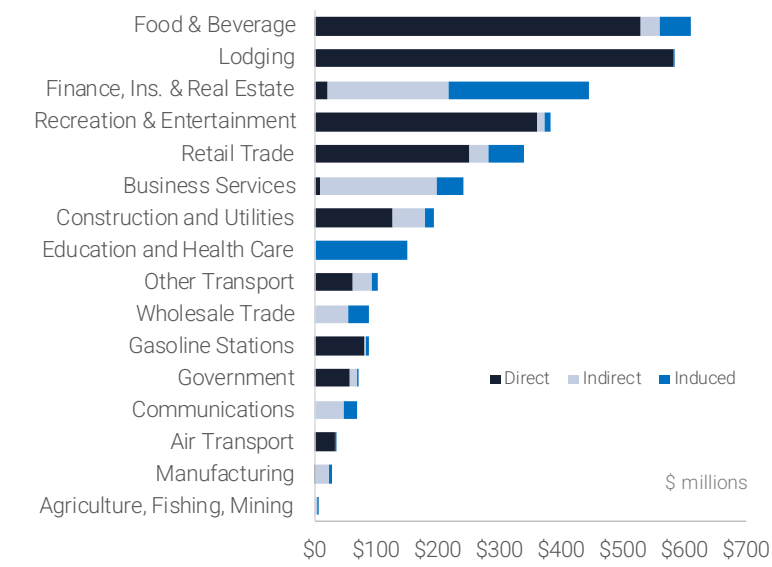


Source: Tourism Economics
Note: Numbers may not add up due to rounding

The locally produced portion of visitor-supported sales in the finance & real estate industry added \$445 million to state GDP in 2023. Spending by travel demand-supported workers supported \$151 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 (2023)

Amounts in \$ millions



Source: Tourism Economics



Summary value-added impacts by industry (2023)

Amounts in \$ millions

	Direct GDP	Indirect GDP	Induced GDP	Total GDP
Total, all industries	\$ 2,170	\$ 722	\$ 673	\$ 3,565
Food & Beverage	\$ 529	\$ 32	\$ 50	\$ 611
Lodging	\$ 582	\$ 2	\$ 0	\$ 584
Finance, Ins. & Real Estate	\$ 21	\$ 198	\$ 227	\$ 445
Recreation & Entertainment	\$ 361	\$ 14	\$ 9	\$ 384
Retail Trade	\$ 251	\$ 31	\$ 58	\$ 340
Business Services	\$ 8	\$ 190	\$ 42	\$ 240
Construction and Utilities	\$ 127	\$ 51	\$ 16	\$ 194
Education and Health Care	-	\$ 1	\$ 150	\$ 151
Personal Services	\$ 59	\$ 32	\$ 39	\$ 130
Other Transport	\$ 61	\$ 32	\$ 9	\$ 102
Wholesale Trade	-	\$ 54	\$ 35	\$ 88
Gasoline Stations	\$ 80	\$ 3	\$ 4	\$ 87
Government	\$ 57	\$ 11	\$ 3	\$ 71
Communications	-	\$ 47	\$ 22	\$ 69
Air Transport	\$ 32	\$ 1	\$ 1	\$ 34
Manufacturing	\$ 2	\$ 20	\$ 4	\$ 27
Agriculture, Fishing, Mining	-	\$ 5	\$ 2	\$ 7

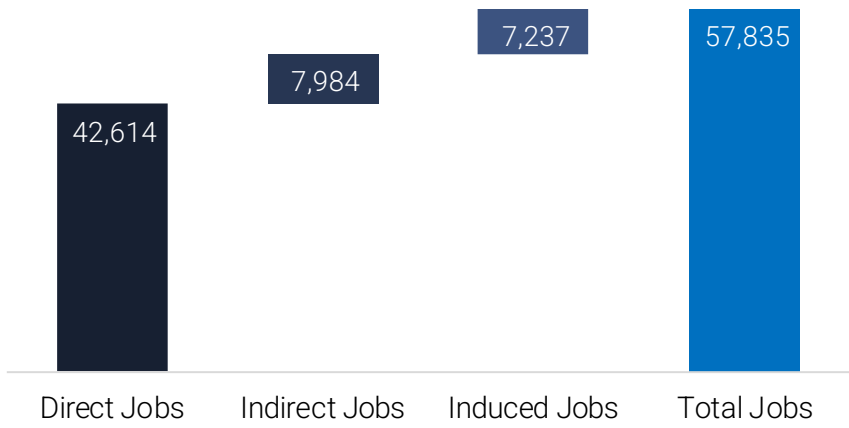
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity supported a total of 57,835 jobs in 2023, including 42,614 direct jobs and an additional 15,200 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact equates to 1-in-11 jobs in the state.

Summary employment impacts (2023)

Amounts in number of jobs

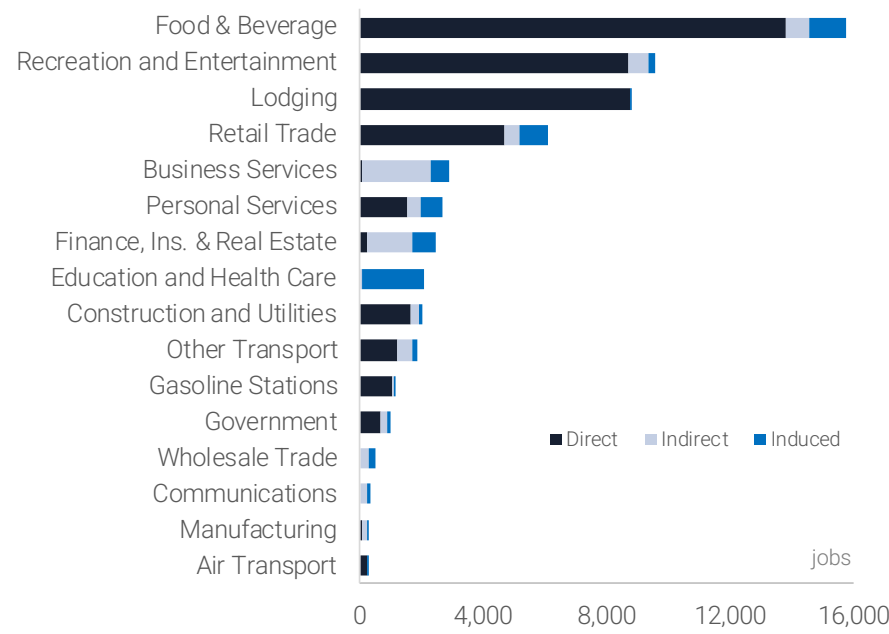


Source: Tourism Economics

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 2023, more than 15,750. Spending by visitor activity supported nearly 2,000 jobs in education and health care businesses.

Visitor job Impacts by industry (2023)

Amounts in number of jobs



Source: Tourism Economics



Summary employment Impacts by industry (2023)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	42,614	7,984	7,237	57,835
Food & Beverage	13,792	755	1,219	15,767
Recreation and Entertainment	8,675	654	262	9,591
Lodging	8,735	4	2	8,742
Retail Trade	4,706	490	904	6,100
Business Services	69	2,247	588	2,904
Personal Services	1,556	417	701	2,675
Finance, Ins. & Real Estate	225	1,446	801	2,472
Education and Health Care	-	72	1,986	2,058
Construction and Utilities	1,627	284	104	2,015
Other Transport	1,221	498	155	1,875
Gasoline Stations	1,067	37	63	1,168
Government	647	255	87	988
Wholesale Trade	-	296	196	492
Communications	-	249	86	335
Manufacturing	57	194	42	293
Air Transport	236	5	5	245
Agriculture, Fishing, Mining	-	81	36	117

Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$1.4 billion in direct labor income and a total of \$2.2 billion when including indirect and induced impacts. Total tourism-generated income in South Dakota in 2023 grew 7%, \$140 million more in income to South Dakota households.

Summary labor income impacts (2023)

Amounts in \$ billions

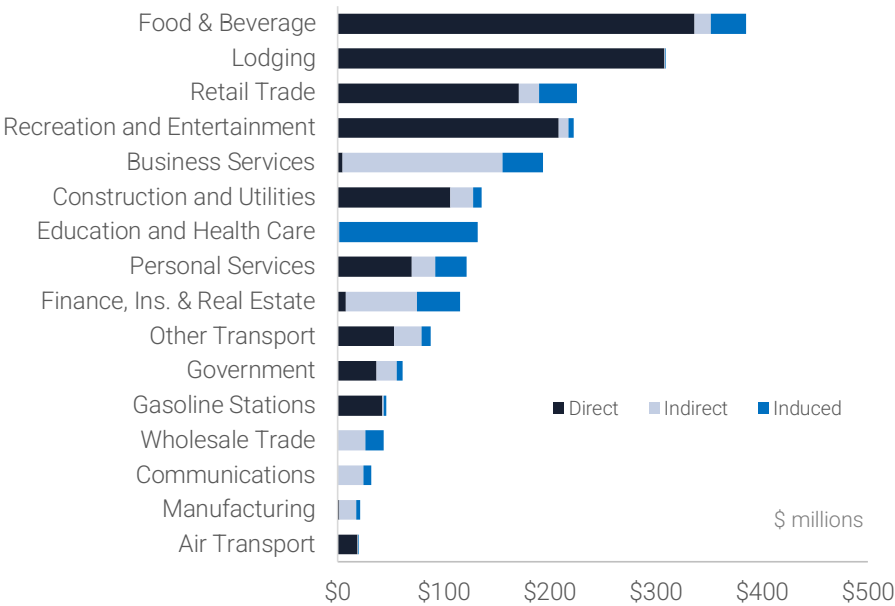


Source: Tourism Economics

The income earned by tourism-supported workers in particular industries can be significant even if not directly related to visitor activity. Jobs that directly serve visitors earn \$171 million in retail trade businesses. Business service jobs – like in building services, advertising, etc. - that serve tourism businesses provide \$151 million to those workers.

Visitor labor income Impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics



Summary labor income impacts (2023)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$1,362	\$426	\$369	\$2,158
Food & Beverage	\$ 336	\$15	\$33	\$385
Lodging	\$ 308	\$1	\$0	\$309
Retail Trade	\$ 171	\$19	\$36	\$226
Recreation and Entertainment	\$ 209	\$9	\$5	\$223
Business Services	\$ 4	\$151	\$38	\$194
Construction and Utilities	\$ 106	\$22	\$8	\$135
Education and Health Care	-	\$1	\$131	\$132
Personal Services	\$ 70	\$22	\$30	\$122
Finance, Ins. & Real Estate	\$ 7	\$67	\$41	\$115
Other Transport	\$ 53	\$26	\$8	\$87
Government	\$ 36	\$19	\$6	\$61
Gasoline Stations	\$ 42	\$2	\$2	\$46
Wholesale Trade	-	\$26	\$18	\$43
Communications	-	\$24	\$7	\$32
Manufacturing	\$ 1	\$16	\$3	\$21
Air Transport	\$ 19	\$0	\$0	\$19
Agriculture, Fishing, Mining	-	\$6	\$3	\$9

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated nearly \$840 million in government revenues.

State and local taxes alone tallied \$384 million in 2023, increasing by \$23 million over the prior year.

Each household in South Dakota would need to be taxed an additional \$1,040 to replace the visitor-generated taxes generated by visitor activity in South Dakota and received by state and local governments in 2023.

Fiscal (tax) impacts

Amounts in \$ millions

	2019	2020	2021	2022	2023	2023 Growth
Total Tax Revenues	\$698.3	\$612.5	\$723.3	\$795.2	\$838.4	5.4%
Federal Taxes	\$390.6	\$336.5	\$378.8	\$434.3	\$454.5	4.6%
Personal Income	\$121.9	\$114.3	\$127.8	\$148.5	\$156.2	5.2%
Corporate	\$56.6	\$34.1	\$31.9	\$33.8	\$34.0	0.7%
Indirect Business	\$26.5	\$21.7	\$21.7	\$22.9	\$23.3	1.5%
Social Insurance	\$185.6	\$166.4	\$197.4	\$229.1	\$240.9	5.1%
State and Local Taxe	\$307.7	\$276.0	\$344.6	\$360.9	\$384.0	6.4%
Sales	\$154.7	\$133.9	\$170.3	\$175.2	\$187.0	6.7%
Bed Tax	\$28.9	\$22.4	\$33.3	\$33.7	\$36.2	7.5%
Personal Income	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Corporate	\$2.6	\$2.0	\$2.1	\$2.3	\$2.7	14.9%
Social Insurance	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	6.8%
Excise and Fees	\$26.5	\$24.4	\$28.1	\$29.6	\$31.0	4.8%
Property	\$94.9	\$93.1	\$110.5	\$119.8	\$126.8	5.8%

Source: Tourism Economics

Tourism-supported revenues to state government rose to \$178 million in 2023. The majority of the tourism-supported state revenues are from sales tax collections with excise and fees adding another \$25 million to state coffers.

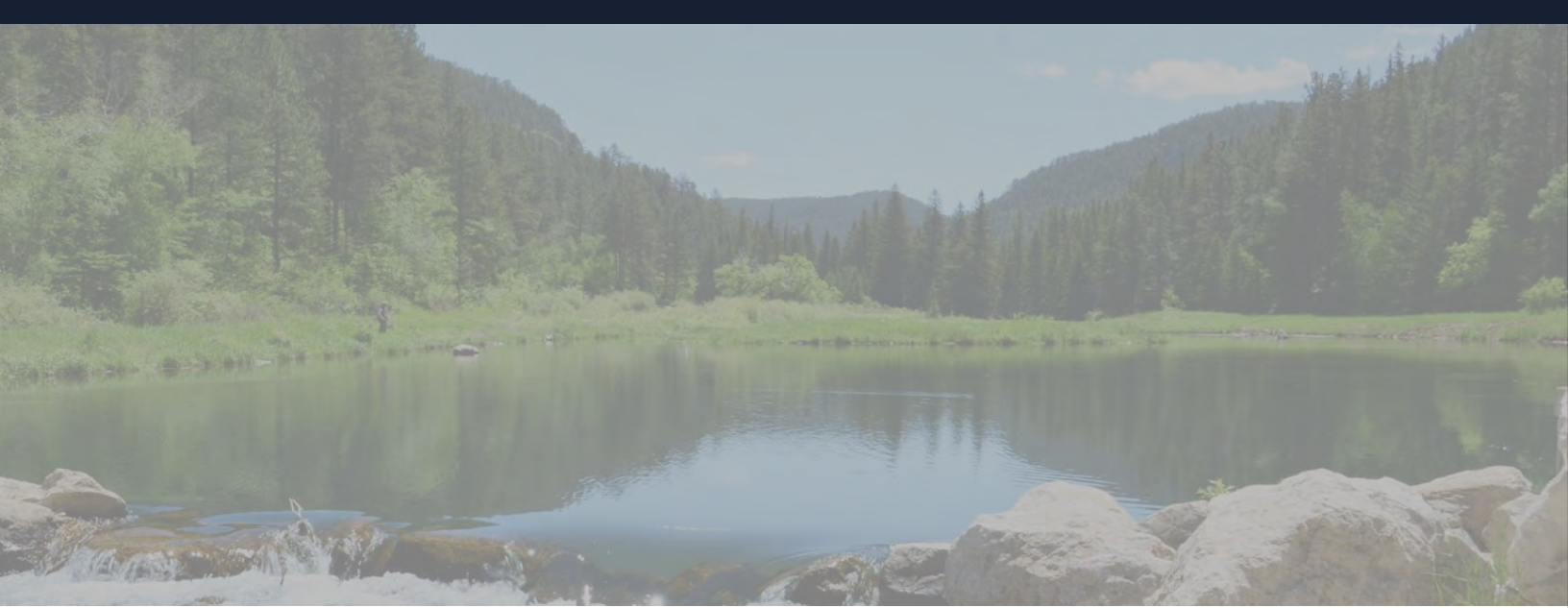
Local tax revenues from visitor activity rose to \$206 million in 2023 with property taxes, sales taxes, and bed taxes supporting local governmental budgets.

Fiscal (tax) impacts

Amounts in \$ millions

	2019	2020	2021	2022	2023
State Taxes	\$135.8	\$118.5	\$160.3	\$167.2	\$178.3
Sales	\$111.6	\$96.6	\$135.1	\$140.2	\$150.4
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	\$2.6	\$2.0	\$2.1	\$2.3	\$2.7
Social Insurance	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Excise and Fees	\$21.3	\$19.7	\$22.8	\$24.5	\$25.0
Property	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Taxes	\$172.0	\$157.5	\$184.3	\$193.7	\$205.7
Sales	\$43.0	\$37.3	\$35.1	\$35.1	\$36.6
Bed Tax	\$28.9	\$22.4	\$33.3	\$33.7	\$36.2
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	\$5.1	\$4.7	\$5.3	\$5.1	\$6.1
Property	\$94.9	\$93.1	\$110.5	\$119.8	\$126.8

Source: Tourism Economics



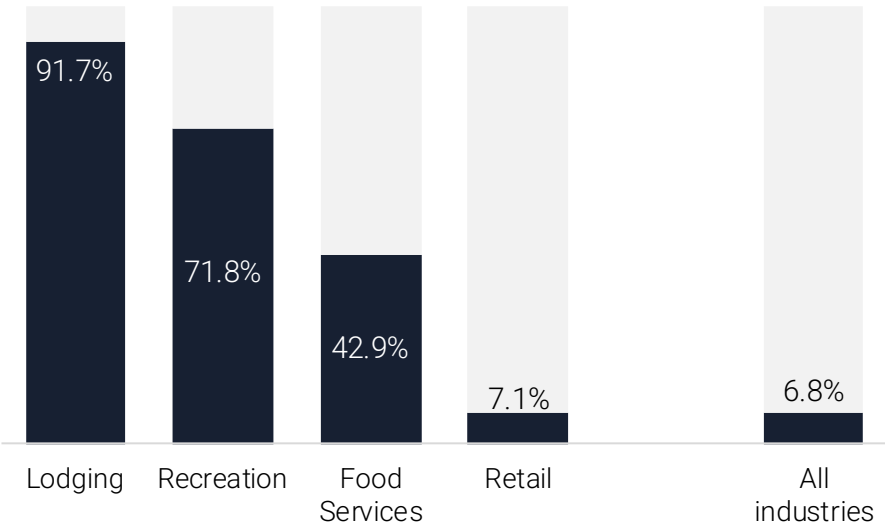
ECONOMIC IMPACTS IN CONTEXT

Visitor activity supports a significant share of employment in several industries with 92% of lodging employment visitor-related. Visitor activity employs 72% of jobs in recreational industries and 43% of all restaurant employment.

Direct tourism jobs accounted for 6.8% of all jobs in South Dakota in 2023.

Visitor employment intensity

Direct jobs, visitor-supported share of industry employment



Source: BEA, BLS, Tourism Economics

ECONOMIC IMPACTS IN CONTEXT



\$5.0B VISITOR SPENDING

Visitor spending of \$5.0 billion is five times the size of the beef cattle industry in South Dakota farms.



\$233M VISITOR SPENDING INCREASE

The \$233 million increase in visitor spending in 2023 is similar in size to the money received by SD counties in COVID relief money – over three years (\$250 million).



57,835 JOBS

The total number of jobs supported by tourism could provide two jobs for every resident of Aberdeen – the state’s third largest city.



\$384M STATE & LOCAL TAXES

Each household in South Dakota would need to be taxed an additional \$1,040 to replace the visitor taxes received by the state and local governments in 2023.

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.
Retail	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.
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.

For more information:

admin@tourismeconomics.com