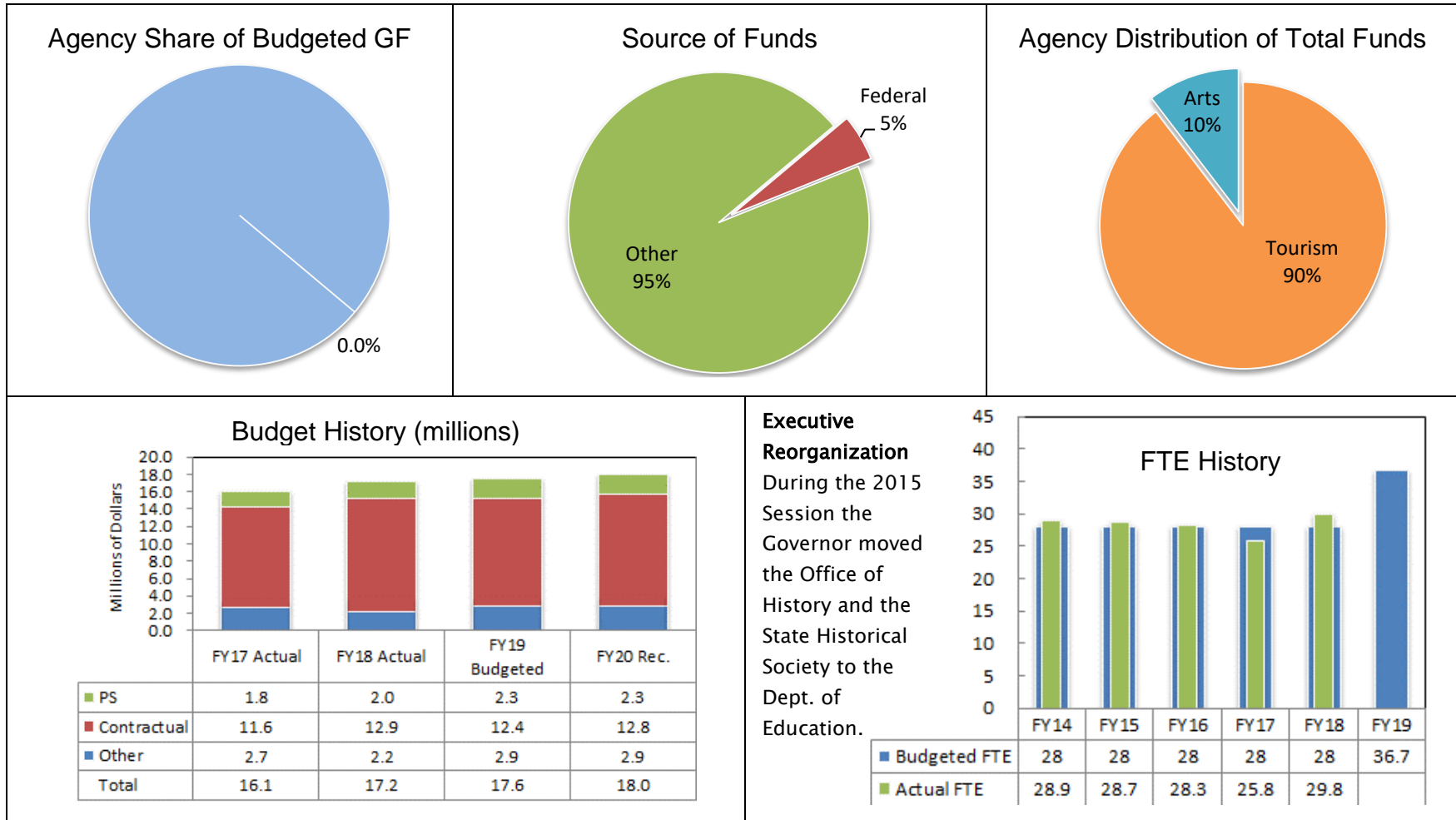


# FY20 Budget Briefing

## Department of Tourism

Information contained in this document is based on the Governor's original recommended FY20 budget.  
This document may not correspond with the final FY20 budget adopted by the Legislature.



## Key Personnel

- Jim Hagen, Secretary
- Travis Dovre, Finance Officer

## Mission of the Department of Tourism

We work to maximize Tourism's impact on South Dakota's economy by increasing domestic and international travel to our state.

## Department of Tourism Budget Request

	FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2020 Agency Request	FY 2020 Governors Recommended	Change From FY 2019
<b>BY PROGRAM</b>						
Tourism	14,447,209	15,436,959	15,740,963	16,892,228	16,111,498	370,535
Arts	1,652,011	1,737,981	1,828,876	1,874,797	1,874,797	45,921
<b>Total</b>	<b>16,099,220</b>	<b>17,174,940</b>	<b>17,569,839</b>	<b>18,767,025</b>	<b>17,986,295</b>	<b>416,456</b>
<b>BY FUND CATEGORY</b>						
General	0	0	0	0	0	0
Federal	805,223	787,516	878,000	878,000	878,000	0
Other	15,293,996	16,387,424	16,691,839	17,889,025	17,108,295	416,456
<b>Total</b>	<b>16,099,219</b>	<b>17,174,940</b>	<b>17,569,839</b>	<b>18,767,025</b>	<b>17,986,295</b>	<b>416,456</b>
<b>BY OBJECT EXPENDITURE</b>						
<b>Personnel Costs</b>	<b>1,828,381</b>	<b>2,031,409</b>	<b>2,287,207</b>	<b>2,346,783</b>	<b>2,346,097</b>	<b>58,890</b>
Salaries	1,417,264	1,565,743	1,819,115	1,864,043	1,863,440	44,325
Benefits	411,117	465,665	468,092	482,740	482,657	14,565
<b>Operating Expenditures</b>	<b>14,270,839</b>	<b>15,143,531</b>	<b>15,282,632</b>	<b>16,420,242</b>	<b>15,640,198</b>	<b>357,566</b>
Travel	248,516	267,510	244,330	244,330	244,330	0
Contractual Services	11,576,111	12,909,902	12,380,844	13,532,109	12,751,379	370,535
Supplies and Materials	431,969	343,012	562,700	562,700	562,700	0
Grants and Subsidies	1,896,894	1,544,433	1,854,758	1,841,103	1,841,789	(12,969)
Capital Outlay	111,161	72,647	40,000	40,000	40,000	0
Other	6,187	6,026	200,000	200,000	200,000	0
<b>Total</b>	<b>16,099,219</b>	<b>17,174,938</b>	<b>17,569,839</b>	<b>18,767,025</b>	<b>17,986,295</b>	<b>416,456</b>
<b>Full-Time Equivalent (FTE)</b>	<b>25.8</b>	<b>29.8</b>	<b>36.7</b>	<b>37.7</b>	<b>37.7</b>	<b>1.0</b>

### Major Items Summary - Department of Tourism

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
<b>FY 2020 Base Budget</b>	0	878,000	16,691,839	17,569,839	36.7	0	878,000	16,691,839	17,569,839	36.7
<b>Maintenance of Current Operations</b>										
<b>Total Maintenance Adjustments</b>	0	0	0	0	0.0	0	0	0	0	0.0
<b>FY 2020 Program Maintenance Budget</b>	0	878,000	16,691,839	17,569,839	36.7	0	878,000	16,691,839	17,569,839	36.7
<b>Program Line Items</b>										
1. Tourism Promotion Tax Reallocation	0	0	780,730	780,730	0.0	0	0	0	0	0.0
2. Marketing and Advertising Expansion	0	0	370,535	370,535	0.0	0	0	370,535	370,535	0.0
3. Arts Grants Specialist FTE	0	0	0	0	1.0	0	0	0	0	1.0
4. Offset for Reduction in OE Federal Funds	0	0	45,921	45,921	0.0	0	0	45,921	45,921	0.0
<b>Total Program Line Items</b>	0	0	1,197,186	1,197,186	1.0	0	0	416,456	416,456	1.0
<b>FY 2020 Total Budget</b>	0	878,000	17,889,025	18,767,025	37.7	0	878,000	17,108,295	17,986,295	37.7
Change from Base Budget	0	0	1,197,186	1,197,186	1.0	0	0	416,456	416,456	1.0
% Change from Base Budget	0.0%	0.0%	7.2%	6.8%	2.7%	0.0%	0.0%	2.5%	2.4%	2.7%

### Prior and Current Year Budget Recap - Department of Tourism

	FTE	General	Federal	Other	Total
<b>Prior Year Recap</b>					
<b>FY 2018 Original Budget</b>	28.0	0	878,000	16,666,535	17,544,535
<b>Legislative Adjustments</b>					
Supplemental Bill - Health Insurance			0	23,315	23,315
Supplemental Bill - Health Insurance			0	1,079	1,079
<b>Total Legislative Adjustments</b>	0.0	0	0	24,394	24,394
<b>Agency Adjustments</b>					
<b>Total Agency Adjustments</b>	0.0	0	0	0	0
<b>FY 2018 Adjusted Budget</b>	28.0	0	878,000	16,690,929	17,568,929
<b>Reversions</b>					
Prior Year Reversions			0	(1)	(1)
Prior Year Reversions			(90,484)	(303,504)	(393,988)
<b>Total Reversions</b>	0.0	0	(90,484)	(303,505)	(393,989)
<b>Unutilized FTE</b>	1.8				
<b>FY 2018 Percent Reverted</b>	(6.4%)	0	(10.3%)	(1.8%)	(2.2%)

<b>Current Year Recap</b>		<b>FTE</b>	<b>General</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>FY 2019 Original Budget</b>		<b>36.7</b>	<b>0</b>	<b>878,000</b>	<b>16,666,535</b>	<b>17,544,535</b>
<b>Legislative Adjustments</b>						
Market Adjustment	PS		0	0	24,534	24,534
Market Adjustment	OE		0	0	770	770
<b>Total Legislative Adjustments</b>		<b>0.0</b>	<b>0</b>	<b>0</b>	<b>25,304</b>	<b>25,304</b>
<b>Agency Adjustments</b>						
<b>Total Agency Adjustments</b>		<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FY 2019 Adjusted Budget</b>		<b>36.7</b>	<b>0</b>	<b>878,000</b>	<b>16,691,839</b>	<b>17,569,839</b>

## Tourism Programs and Functions

<u>Division</u>	<u>Primary Objective</u>	<u>Programs/Activities</u>
Global Marketing and Brand Strategy	Promote South Dakota as a vacation destination	Marketing campaign development/strategy Brand strategy Digital marketing Website development/management Co-op marketing Photography
Global Media & Public Relations	Promote South Dakota as a vacation destination via public relations efforts	Public Relations strategy Hosting travel writers Hosting social media influencers Social media and influencer marketing Earned media Take media information requests (interviews, photos, etc.) Press release writing and development
Industry Outreach & Development	Develop and strengthen South Dakota's tourism industry  Research the impact of tourism on South Dakota's economy  Management of the State's Welcome Centers	Annual Tourism Conference Outreach to industry partners Administer grants to regional tourism associations Hospitality Programs Fulfillment and Visitor Services  Report research out to industry partners  Hiring and training seasonal staff Curate Welcome Center exhibits
Global Travel and Trade	Promote South Dakota as a vacation destination in foreign markets  Promote South Dakota as a destination for group tour operators	Europe Australia China Japan  American Bus Association Group Tour Co-ops Travel Show Co-ops
Administrative Services	Provide all around administrative support for the Department of Tourism	Budgeting Accounting Accounts Payable Purchasing Internal controls

**TOURISM (0420)**

To promote and increase the level of tourism business and related employment by working together with businesses, other areas of government, and regional groups to market and promote the state's natural resources, culture, attractions, history and its people as an integrated part of economic development.

**BUDGET REQUEST: TOURISM (0420)**

	FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2020 Agency Request	FY 2020 Governors Recommended	Change From FY 2019
<b>BY PROGRAM</b>						
Tourism	14,447,209	15,436,959	15,740,963	16,892,228	16,111,498	370,535
<b>Total</b>	<b>14,447,209</b>	<b>15,436,959</b>	<b>15,740,963</b>	<b>16,892,228</b>	<b>16,111,498</b>	<b>370,535</b>
<b>BY FUND CATEGORY</b>						
General	0	0	0	0	0	0
Federal	0	0	0	0	0	0
Other	14,447,209	15,436,959	15,740,963	16,892,228	16,111,498	370,535
<b>Total</b>	<b>14,447,209</b>	<b>15,436,959</b>	<b>15,740,963</b>	<b>16,892,228</b>	<b>16,111,498</b>	<b>370,535</b>
<b>BY OBJECT EXPENDITURE</b>						
<b>Personnel Costs</b>	<b>1,617,132</b>	<b>1,760,078</b>	<b>2,015,447</b>	<b>2,015,447</b>	<b>2,015,447</b>	<b>0</b>
Salaries	1,254,817	1,352,371	1,602,440	1,602,440	1,602,440	0
Benefits	362,315	407,706	413,007	413,007	413,007	0
<b>Operating Expenditures</b>	<b>12,830,077</b>	<b>13,676,881</b>	<b>13,725,516</b>	<b>14,876,781</b>	<b>14,096,051</b>	<b>370,535</b>
Travel	221,743	248,093	218,500	218,500	218,500	0
Contractual Services	11,460,336	12,801,338	12,259,580	13,410,845	12,630,115	370,535
Supplies and Materials	425,888	336,905	556,436	556,436	556,436	0
Grants and Subsidies	639,051	231,842	471,000	471,000	471,000	0
Capital Outlay	82,910	58,703	20,000	20,000	20,000	0
Other	150	0	200,000	200,000	200,000	0
<b>Total</b>	<b>14,447,210</b>	<b>15,436,958</b>	<b>15,740,963</b>	<b>16,892,228</b>	<b>16,111,498</b>	<b>370,535</b>
<b>Full-Time Equivalent (FTE)</b>	<b>22.9</b>	<b>26.8</b>	<b>33.7</b>	<b>33.7</b>	<b>33.7</b>	<b>0.0</b>
<b>FUNDING SOURCES (Governor's Recommended)</b>	<b>General</b>	<b>Federal</b>	<b>Other</b>	<b>%General</b>	<b>%Federal</b>	<b>%Other</b>
TOURISM PROMOTION FUND	0	0	16,111,498	0.0%	0.0%	100.0%

**MAJOR ITEMS SUMMARY: TOURISM (0420)**

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
<b>FY 2020 Base Budget</b>	0	0	15,740,963	15,740,963	33.7	0	0	15,740,963	15,740,963	33.7
<b>Maintenance of Current Operations</b>										
<b>Total Maintenance Adjustments</b>	0	0	0	0	0.0	0	0	0	0	0.0
<b>FY 2020 Program Maintenance Budget</b>	0	0	15,740,963	15,740,963	33.7	0	0	15,740,963	15,740,963	33.7
<b>Program Line Items</b>										
1. Tourism Promotion Tax Reallocation	0	0	780,730	780,730	0.0	0	0	0	0	0.0
2. Marketing and Advertising Expansion	0	0	370,535	370,535	0.0	0	0	370,535	370,535	0.0
<b>Total Program Line Items</b>	0	0	1,151,265	1,151,265	0.0	0	0	370,535	370,535	0.0
<b>FY 2020 Total Budget</b>	0	0	16,892,228	16,892,228	33.7	0	0	16,111,498	16,111,498	33.7
Change from Base Budget	0	0	1,151,265	1,151,265	0.0	0	0	370,535	370,535	0.0
% Change from Base Budget	0.0%	0.0%	7.3%	7.3%	0.0%	0.0%	0.0%	2.4%	2.4%	0.0%

**BUDGET DETAIL: TOURISM (0420)**

	FTE	General	Federal	Other	Total
<b>Prior Year Recap</b>					
<b>FY 2018 Original Budget</b>	25.0	0	0	15,718,675	15,718,675
<b>Legislative Adjustments</b>					
Supplemental Bill - Health Insurance			PS	0	0
Supplemental Bill - Health Insurance			OE	0	0
<b>Total Legislative Adjustments</b>	0.0	0	0	21,789	21,789
<b>Agency Adjustments</b>					
<b>Total Agency Adjustments</b>	0.0	0	0	0	0
<b>FY 2018 Adjusted Budget</b>	25.0	0	0	15,740,464	15,740,464
<b>Reversions</b>					
Prior Year Reversions			PS	0	0
Prior Year Reversions			OE	0	0
<b>Total Reversions</b>	0.0	0	0	(303,505)	(303,505)
<b>Unutilized FTE</b>	1.8				
FY 2018 Percent Reverted	(7.2%)	0	0	(1.9%)	(1.9%)

Current Year Recap	FTE	General	Federal	Other	Total
<b>FY 2019 Original Budget</b>	<b>33.7</b>	<b>0</b>	<b>0</b>	<b>15,718,675</b>	<b>15,718,675</b>
<b>Legislative Adjustments</b>					
Market Adjustment	PS	0	0	21,613	21,613
Market Adjustment	OE	0	0	675	675
<b>Total Legislative Adjustments</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>22,288</b>	<b>22,288</b>
<b>Total Agency Adjustments</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FY 2019 Adjusted Budget</b>	<b>33.7</b>	<b>0</b>	<b>0</b>	<b>15,740,963</b>	<b>15,740,963</b>

<b>FY 2020 Base</b>					
Agency Request	33.7	0	0	15,740,963	15,740,963
<i>Governor's Recommendation</i>	33.7	0	0	15,740,963	15,740,963
<b>FY 2020 Maintenance of Current Operations</b>					
Agency Request	33.7	0	0	15,740,963	15,740,963
<i>Governor's Recommendation</i>	33.7	0	0	15,740,963	15,740,963

### 1. Tourism Promotion Tax Reallocation

The agency is requesting an increase of **\$780,730** in **other fund** spending authority for marketing opportunities. The source of the funds comes from reallocating the tourism promotion tax. The reallocation would utilize funding currently going to Department of Education budget for the Archaeological Research Center and the Cultural Heritage Center.

Agency Request	0.0	0	0	780,730	780,730
<i>Governor's Recommendation</i>	0.0	0	0	0	0

### 2. Marketing and Advertising Expansion

The agency is requesting an increase of **\$370,535** in **other fund** spending authority for increased marketing opportunities. The source of funds comes from expected revenue growth in the tourism promotion tax.

Marketing consists of traditional broadcast television commercials, targeted cable television commercials, alternative television commercials, print placements, digital and social media marketing, public relations, Billboard/Out of Home marketing, activations/guerilla marketing, targeted email marketing, and travel shows. Any increase in funds will be utilized in television, print and digital marketing in the key markets of Chicago, Minneapolis-St. Paul, Denver and Milwaukee.

Agency Request	0.0	0	0	370,535	370,535
<i>Governor's Recommendation</i>	0.0	0	0	370,535	370,535

### FY 2020 Total

Agency Request	33.7	0	0	16,892,228	16,892,228
<i>Governor's Recommendation</i>	33.7	0	0	16,111,498	16,111,498

Agency Request					
Change from Original Appropriation	0.0	0	0	1,151,265	1,151,265
% Change from Original Appropriation	0.0%	0.0%	0.0%	7.3%	7.3%
<i>Governor's Recommendation</i>					
Change from Original Appropriation	0.0	0	0	370,535	370,535
% Change from Original Appropriation	0.0%	0.0%	0.0%	2.4%	2.4%



<b>REVENUES AND STATISTICS: TOURISM (0420)</b>
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<b>Tourism</b>	Actual FY 2017	Actual FY 2018	Estimated FY 2019	Estimated FY 2020
<b>REVENUES</b>				
Promotion Tax	10,876,122	11,262,947	12,008,530	12,501,501
Gaming	3,117,404	3,242,285	3,100,568	3,109,997
Co-op Revolving	410,730	402,718	457,942	466,000
Investment Council Interest	39,267	35,668	42,058	34,000
Total	14,443,523	14,943,618	15,609,098	16,111,498

	Actual FY 2017	Actual FY 2018	Estimated FY 2019	Estimated FY 2020
<b>PERFORMANCE INDICATORS</b>				
Tourism's Economic and Fiscal Impacts				
Total Impact (Direct & Indirect)	\$2.46B	\$2.64B	\$2.70B	\$2.75B
Total Visitation (millions)	13.90M	14.18M	14.30M	14.50M
Employment (Direct & Indirect)	53,258	54,433	54,997	55,527
Government Revenue Generated	\$291M	\$297M	\$303M	\$308M
Visitor Spending (in billions)	\$3.88B	\$3.96B	\$4.04B	\$4.12B

## ARTS (0441)

The South Dakota Arts Council is a state agency serving South Dakotans and their communities through the arts. Recognizing the importance of creativity in the lives of South Dakotans, the SD Arts Council makes quality arts accessible throughout the state by providing encouragement, grants, services, and information to artists, arts organizations, schools, and the public.

## BUDGET REQUEST: ARTS (0441)

	FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2020 Agency Request	FY 2020 Governors Recommended	Change From FY 2019
<b>BY PROGRAM</b>						
Arts	1,652,011	1,737,981	1,828,876	1,874,797	1,874,797	45,921
<b>Total</b>	<b>1,652,011</b>	<b>1,737,981</b>	<b>1,828,876</b>	<b>1,874,797</b>	<b>1,874,797</b>	<b>45,921</b>
<b>BY FUND CATEGORY</b>						
General	0	0	0	0	0	0
Federal	805,223	787,516	878,000	878,000	878,000	0
Other	846,787	950,465	950,876	996,797	996,797	45,921
<b>Total</b>	<b>1,652,010</b>	<b>1,737,981</b>	<b>1,828,876</b>	<b>1,874,797</b>	<b>1,874,797</b>	<b>45,921</b>
<b>BY OBJECT EXPENDITURE</b>						
<b>Personnel Costs</b>	<b>211,249</b>	<b>271,331</b>	<b>271,760</b>	<b>331,336</b>	<b>330,650</b>	<b>58,890</b>
Salaries	162,447	213,372	216,675	261,603	261,000	44,325
Benefits	48,803	57,959	55,085	69,733	69,650	14,565
<b>Operating Expenditures</b>	<b>1,440,761</b>	<b>1,466,650</b>	<b>1,557,116</b>	<b>1,543,461</b>	<b>1,544,147</b>	<b>(12,969)</b>
Travel	26,773	19,417	25,830	25,830	25,830	0
Contractual Services	115,775	108,564	121,264	121,264	121,264	0
Supplies and Materials	6,081	6,107	6,264	6,264	6,264	0
Grants and Subsidies	1,257,843	1,312,591	1,383,758	1,370,103	1,370,789	(12,969)
Capital Outlay	28,252	13,944	20,000	20,000	20,000	0
Other	6,037	6,026	0	0	0	0
<b>Total</b>	<b>1,652,011</b>	<b>1,737,980</b>	<b>1,828,876</b>	<b>1,874,797</b>	<b>1,874,797</b>	<b>45,921</b>
<b>Full-Time Equivalent (FTE)</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>	<b>4.0</b>	<b>4.0</b>	<b>1.0</b>
<b>FUNDING SOURCES (Governor's Recommended)</b>	<b>General</b>	<b>Federal</b>	<b>Other</b>	<b>%General</b>	<b>%Federal</b>	<b>%Other</b>
BSG-NEA-BASIC STATE GRANT	0	878,000	0	0.0%	100.0%	0.0%
FINE ARTS	0	0	996,797	0.0%	0.0%	100.0%

**MAJOR ITEMS SUMMARY: ARTS (0441)**

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
<b>FY 2020 Base Budget</b>	0	878,000	950,876	1,828,876	3.0	0	878,000	950,876	1,828,876	3.0
<b>Maintenance of Current Operations</b>										
<b>Total Maintenance Adjustments</b>	0	0	0	0	0.0	0	0	0	0	0.0
<b>FY 2020 Program Maintenance Budget</b>	0	878,000	950,876	1,828,876	3.0	0	878,000	950,876	1,828,876	3.0
<b>Program Line Items</b>										
1. Arts Grants Specialist FTE	0	0	0	0	1.0	0	0	0	0	1.0
2. Offset for Reduction in OE Federal Funds	0	0	45,921	45,921	0.0	0	0	45,921	45,921	0.0
<b>Total Program Line Items</b>	0	0	45,921	45,921	0.0	0	0	45,921	45,921	0.0
<b>FY 2020 Total Budget</b>	0	878,000	996,797	1,874,797	4.0	0	878,000	996,797	1,874,797	4.0
Change from Base Budget	0	0	45,921	45,921	1.0	0	0	45,921	45,921	1.0
% Change from Base Budget	0.0%	0.0%	4.8%	2.5%	33.3%	0.0%	0.0%	4.8%	2.5%	33.3%

**BUDGET DETAIL: ARTS (0441)**

	FTE	General	Federal	Other	Total
<b>Prior Year Recap</b>					
<b>FY 2018 Original Budget</b>	3.0	0	878,000	947,860	1,825,860
<b>Legislative Adjustments</b>					
Supplemental Bill - Health Insurance			0	2,492	2,492
Supplemental Bill - Health Insurance			0	113	113
<b>Total Legislative Adjustments</b>	0.0	0	0	2,605	2,605
<b>Agency Adjustments</b>					
<b>Total Agency Adjustments</b>	0.0	0	0	0	0
<b>FY 2018 Adjusted Budget</b>	3.0	0	878,000	950,465	1,828,465
<b>Reversions</b>					
Prior Year Reversions			0	0	0
Prior Year Reversions			0	(90,484)	(90,484)
<b>Total Reversions</b>	0.0	0	(90,484)	0	(90,484)
<b>Unutilized FTE</b>	0.0				
FY 2018 Percent Reverted	0.0%	0	(10.3%)	0.0%	(5.0%)

Current Year Recap	FTE	General	Federal	Other	Total
<b>FY 2019 Original Budget</b>	<b>3.0</b>	<b>0</b>	<b>878,000</b>	<b>947,860</b>	<b>1,825,860</b>
<b>Legislative Adjustments</b>					
Market Adjustment PS		0	0	2,921	2,921
Market Adjustment OE		0	0	95	95
<b>Total Legislative Adjustments</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>3,016</b>	<b>3,016</b>
<b>Total Agency Adjustments</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FY 2019 Adjusted Budget</b>	<b>3.0</b>	<b>0</b>	<b>878,000</b>	<b>950,876</b>	<b>1,828,876</b>

<b>FY 2020 Base</b>					
Agency Request	3.0	0	878,000	950,876	1,828,876
Governor's Recommendation	3.0	0	878,000	950,876	1,828,876

<b>FY 2020 Maintenance of Current Operations</b>					
Agency Request	3.0	0	878,000	950,876	1,828,876
Governor's Recommendation	3.0	0	878,000	950,876	1,828,876

### 1. Arts Grants Specialist FTE

The agency requested a swap of personal services and operating expenses for **\$59,576** in **federal funds** and an increase of **1 FTE** related to the National Endowment for the Arts (NEA) federal grant. The reduction in operating expenses means there will be less grant funding available to award. The new FTE will manage grant and related funding activities by determining eligibility of applicants, monitoring compliance, administer sub grant activities, assist in managing grant programs, and perform administrative functions to support program maintenance and development.

Agency Request	1.0	0	0	0	0
Governor's Recommendation	1.0	0	0	0	0

### 2. Offset for Reduction in OE Federal Funds

The agency requested an increase of **\$45,921** in **other fund** spending authority to partially offset the decrease in federal funds for the FTE increase. All but \$12,969 in federal funds is being offset. The increase in other funds is expected to come from an increase in the tourism promotion tax revenue.

Agency Request	0.0	0	0	45,921	45,921
Governor's Recommendation	0.0	0	0	45,921	45,921

<b>FY 2020 Total</b>					
Agency Request	4.0	0	878,000	996,797	1,874,797
Governor's Recommendation	4.0	0	878,000	996,797	1,874,797

Agency Request					
Change from Original Appropriation	1.0	0	0	45,921	45,921
% Change from Original Appropriation	33.3%	0.0%	0.0%	4.8%	2.5%
Governor's Recommendation					
Change from Original Appropriation	1.0	0	0	45,921	45,921
% Change from Original Appropriation	33.3%	0.0%	0.0%	4.8%	2.5%

<b>REVENUES AND STATISTICS: ARTS (0441)</b>
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<b>Arts</b>	Actual FY 2017	Actual FY 2018	Estimated FY 2019	Estimated FY 2020
<b>REVENUES</b>				
Promotion Tax	866,968	903,561	957,490	996,797
Total	866,968	903,561	957,490	996,797

	Actual FY 2017	Actual FY 2018	Estimated FY 2019	Estimated FY 2020
<b>PERFORMANCE INDICATORS</b>				
Co-Sponsored Events	8,894	8,880	9,032	9,052
Attendance at Co-Sponsored Events	1,785,189	1,762,517	1,792,687	1,796,257
Total Grants/Projects	472	466	474	475
Artists Served	8,459	8,352	8,495	8,511
Artists in Schools Residency - Weeks	202	196	211	203
Students Served	44,520	43,955	44,707	44,796
Touring Arts Bookings	213	204	200	206
Touring Arts Attendance	160,731	80,000	100,000	100,000
Fund for Grants & Special Projects	\$1.37M	\$1.36M	\$1.37M	\$1.37M
Local Matching Funds	\$18.7M	\$18.5M	\$18.8M	\$18.8M
Youth Served	330,002	325,776	331,386	332,046

## Information on Tourism Funding

### **State Programs Included in the Office of Tourism:**

- The **Tourism Promotion Fund** was created in 1994 in SDCL 1-52-17. The funding source of the Tourism Promotion Fund is 40% of gaming tax revenues (SDCL 42-7B-48) and a 1.5% tax on the gross receipts from any lodging establishment, campground, motor vehicle rental, visitor attraction, recreational equipment rental, recreational service, spectator event, and visitor-intensive business (SDCL 10-45D-2). The gross receipts tax on the visitor-intensive businesses is imposed only during the months of June, July, August, and September, all of the others collect twelve months out of the year. The gross receipts tax was increased during the 2009 Legislative session from 1% to 1.5% effective on July 1, 2009. This increase was extended during the 2011 Legislative session and would have reverted back to 1% on July 1, 2013. HB 1066 passed in the 2013 legislative session to continue the current rate of 1.5% for the gross receipts tax.

The FY20 estimated revenue is **\$14,279,028** from the 1.5% gross receipts tax. 1% of the gross receipts tax goes to the Tourism division and the remaining .5% portion is distributed between Tourism, Arts, and History. The distribution of the funds is based on a Letter of Intent passed by the Joint Committee on Appropriations during the 2011 session. In FY19, the estimated 1.5% gross receipts tax would be distributed as follows:

Tourism Division: 1% - **\$9,519,352** and 62.654463% of the .5% is **\$2,982,149 = \$12,501,501.**

Arts: 20.942536% of the .5% is **\$996,797.**

Archaeological Research Center: 9.673285% of the .5% is **\$460,417.**

Cultural Heritage Center Museum: 6.729716% of the .5% is **\$302,313.**

- The **South Dakota Gaming Commission Fund** was created in SDCL 42-7B-48. All proceeds from the gaming tax, license stamp fees, license fees, application fees, the net proceeds generated by the operation of the five-cent slot machines, and the initial fund are continuously appropriated. All funds received by the commission shall be set forth in an informational budget as described in SDCL 4-7-7.2 and be annually reviewed by the Legislature. Any disbursement from the Gaming Commission Fund shall be by authorization of the executive secretary for any of the following purposes:
  - Forty percent of the gaming tax collected shall be transferred to the Tourism Promotion Fund created in SDCL 1-52-17, and ten percent of the gaming tax collected shall be paid to Lawrence county;
  - The expenses of the commission for administration and operation including litigation and enforcement of this chapter, chapter 42.7 and for grants as provided by SDCL 42-7B-48.3; and
  - All funds remaining after the payments provided in subdivision (1) and (2) less one hundred thousand dollars, which shall be transferred to the Historical Preservation Loan and Grant Fund created in SDCL 1-19A-13.1 constitute the net municipal proceeds and shall be disbursed at least quarterly to the City of Deadwood for deposit in the Historic Restoration and Preservation Fund.
- **Co-op Revolving Funding** – The department advertises jointly with the private sector to pool resources, increase circulation, and reach markets that the private sector may not be able to do on their own. Co-ops include: Group Tour, Giant Step Insert, Great Getaways Insert, and many others.

## Other Fund Balance History

Company	60 Month Average	Minimum Balance	Most Recent Occurrence of Minimum	Balance on June 30				
				2014	2015	2016	2017	2018
3143 - ARTS - ADMINISTRATION	403,741	99,829	September 2017	301,924	335,242	349,961	375,216	328,968
3143 - ARTS DONATIONS & RECEIPTS	7,792	6,911	December 2013	6,961	7,061	8,561	8,761	8,811
3143 -	(250)	(500)	September 2013					
3006 - GROUP PLANNING	28,228	19,221	June 2017	49,045	25,945	22,337	19,221	19,221
3006 - TRAVEL TAPES	55,381	(393)	March 2018	81,069	51,765	35,036	12,059	
3006 - SALES & DONATIONS	11,167	(480)	July 2013	-	-	-	-	83
3006 - CO-OP CAMPAIGNS	76,096	(5,235)	September 2013	36,050	18,700	14,300	10,450	21,150
3006 - GROUP TOUR CO-OPS	22,212	(260)	May 2015	4,200	14,700	20,500	11,420	
3006 - CONFERENCE	38,853	(20,783)	April 2015	4,024	-	3,606	11,249	9,333
3006 - TRAVEL CO-OPS	1,542	-	April 2018					
3006 - POSTERS	4,987	-	June 2016	5,129	5,129	-		
3006 - PROMOTION TAX	90,007,252	63,807,751	July 2013	73,071,712	82,975,929	94,173,940	105,050,062	116,313,008
3006 - GAMING	38,158,816	30,236,278	July 2013	33,120,584	36,338,773	39,621,021	42,738,425	45,980,710
3006 - TOURISM CASH CENTERS	(125,570,257)	(161,547,327)	June 2018	(105,374,167)	(118,565,315)	(132,278,345)	(146,338,321)	(161,547,327)
<b>3006 - NET TOURISM CASH CENTERS</b>	<b>2,595,811</b>	<b>(67,503,298)</b>		<b>818,129</b>	<b>749,388</b>	<b>1,516,616</b>	<b>1,450,166</b>	<b>746,391</b>

## Historical Budget Changes

<b>Tourism</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>	<b>FTEs</b>
<b>FY13 Budget Increases</b>					
Governors Salary Policy	30,725	12,896	105,392	149,013	
Interagency Billings - BIT and Space	24,482	1,748	5,123	31,353	
BIT Career Banding	1,180	443	2,029	3,652	
<b>FY14 Budget Increases</b>					
Advertising and marketing			1,104,000	1,104,000	
Interagency Billing Increase	49,405	2,406	8,112	59,923	
<b>FY15 Budget Increases</b>					
Advertising and marketing			366,996	366,996	
Interagency billing increase	25,863	1,784	8,268	35,915	
<b>FY16 Budget Increases</b>					
None					
<b>FY17 Budget Increases</b>					
Advertising and marketing			983,738	983,738	
Additional funding for tourism associations for regional promotions			111,000	111,000	
<b>FY18 Budget Increases</b>					
<b>FY2018 Line Items</b>					
Advertising and Marketing			817,148	817,148	
Expand Existing Art Programs			101,070	101,070	
<b>FY19 Budget Increases</b>					
<b>Maintenance of Current Operation Items</b>					
Remove Excess Authority			(24,578)	(24,578)	0.0
<b>FY2019 Line Items</b>					
Swapping Contracted for New Employees			(17,814)	(17,814)	8.0
Personal Services Shortfall and Cushion			42,392	42,392	0.7