

Formula on Net Municipal Proceeds Hinders Historic Preservation Efforts

The net municipal proceeds paid to the City of Deadwood has been capped since 1995 at \$6,800,000 each year with a small percentage after this amount. Historic Preservation efforts in Deadwood and across the state are hampered due to lack of provisions to increase the funding through the complex formula involving Deadwood Gaming Revenues.

South Dakota Administrative Rules govern Deadwood's historic preservation programs and activities which are critical to ensure the National Historic Landmark is being preserved, protected, and promoted as one of the Nation's premier preservation efforts. Deadwood takes its role as stewards of its heritage seriously and has a strong focus on enhancing, protecting, and maintaining its historic resources and irreplaceable past.

While Deadwood is experiencing record years in tourism and gaming revenues, it is important to understand these increases add very little to its preservation budget. As a result of increased inflation, costs and expenses, the dollars cannot be stretched further to support historic preservation efforts both locally and across South Dakota. (The Legislative District Map attached shows the support of limited stakes gaming revenues for each district.)

Each year Deadwood's visitation and gaming revenues continue to increase, and the City struggles with its share of the unequal financial returns generated. The charts on the following page illustrate the actual annual revenues to the City of Deadwood as well as the impact to adjusting the formula. The impact to the State revenues would be minimal while creating additional funds to preserve and enhance the visitors experience to Deadwood and the State of South Dakota.



Under Senate Bill 99, the distribution of funds following payment to City of Deadwood under SDCL 42-7B-48.1 is modified to be equitable in the surplus of gaming revenues in the formula. This bill changes the percentages of the state from 70% to 40% and increases Deadwood's percentage from 10% to 40%.

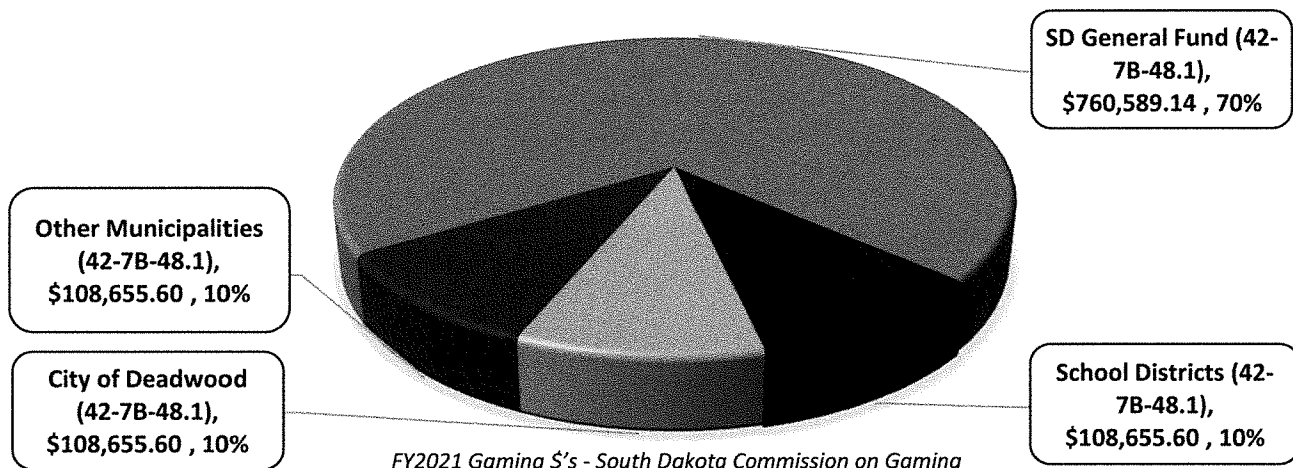
This change is critical for the ongoing support of preservation and restoration in Deadwood and across the state. Because of increased costs, inflation and operational costs, a flat budget has been extremely difficult to maintain. We have had to make significant cuts to programs and activities.

Flat funding not only affects the preservation efforts in Deadwood but also across the state. A few years ago, we have had to cut the Outside-of-Deadwood Grant program to make our budget work. This affects projects we support across the state. Projects such as the Opera House and Odd Fellows structures in Dell Rapids, the Windsor Block and McGillicuddy House in Rapid City, the Carnegie Library and Beckwith House in Mitchell, the Pettigrew Home and Woodlawn Cemetery in Sioux Falls and Harney Hospital in Lennox.

SB99 would equate to \$326,000 increase to Deadwood's budget and that much cut to the general fund; however, as gaming revenues flourish this line item will grow as well.

We ask your support of Senate Bill 99. Thank you. Written Testimony: Mayor David Ruth, Jr.

CURRENT FORMULA UNDER SDCL 42-7B-48.1



PROPOSED FORMULA UNDER SDCL 42-7B-48.1

