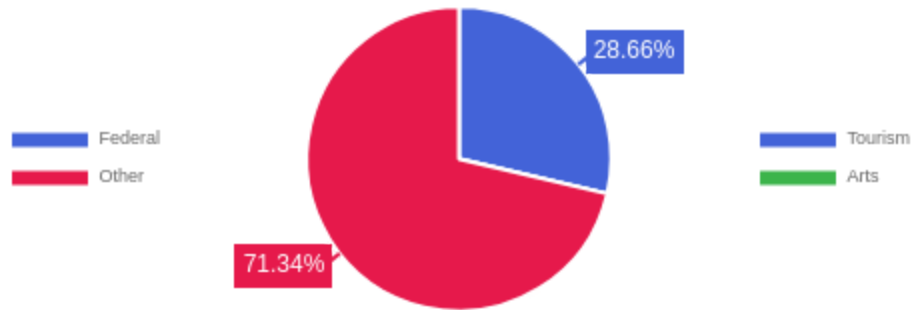


Department of Tourism

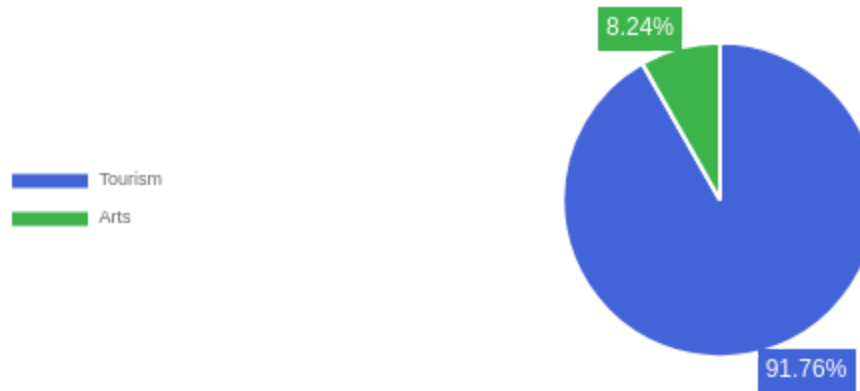
Fiscal Year 2026 Budget Brief Summary

Information contained in this document is based on the Governor's FY2026 Budget and may not correspond with the final budget adopted by the Legislature.

Source of Funds



Distribution of Total Funds



Key Personnel

- Jim Hagen, Secretary
- Hallie Willey, Finance Officer

Mission of the Department of Tourism

We enhance the quality of life for all South Dakotans by strengthening our communities and their tourism economies, encouraging responsible stewardship of our destination, and creating meaningful experiences for all to enjoy.

Department of Tourism Budget Units

- Tourism (0420)
- Arts (0441)

Major Items Summary - Department of Tourism

	Agency Request					Governor's Recommendation				
	General	Federal	Other	Total	FTE	General	Federal	Other	Total	FTE
FY 2026 Base Budget	\$0	\$9,796,773	\$25,010,107	\$34,806,880	38.7	\$0	\$9,796,773	\$25,010,107	\$34,806,880	38.7
1. Grant Specialist FTE	\$0	\$0	\$97,461	\$97,461	1.0	\$0	\$0	\$0	\$0	0.0

2. National Endowment for the Arts Federal Fund Authority	\$0	\$487,527	\$0	\$487,527	0.0	\$0	\$487,527	\$0	\$487,527	0.0
3. Tourism Promotion Tax Revenue Increase	\$0	\$0	\$588,219	\$588,219	0.0	\$0	\$0	\$588,219	\$588,219	0.0
FY 2026 Total Budget	\$0	\$10,284,300	\$25,695,787	\$35,980,087	39.7	\$0	\$10,284,300	\$25,598,326	\$35,882,626	38.7
Change from Base Budget	\$0	\$487,527	\$685,680	\$1,173,207	1.0	\$0	\$487,527	\$588,219	\$1,075,746	0.0
% Change from Base Budget	0.0%	5.0%	2.7%	3.4%	2.6%	0.0%	5.0%	2.4%	3.1%	0.0%

1. Grant Specialist FTE

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$97,461	\$97,461	1.00
<i>Governor's Recommendation</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.00</i>

The agency requests an increase of **\$97,461** in **other fund** expenditure authority and an increase of **1.0** FTE for an additional position within the South Dakota Art's Council. The other fund is the Tourism Promotion Tax Fund.

This position is requested due to the increase in grants awards and managed on an annual basis. Grant funds received from the National Endowment for the Arts (NEA) and the state Promotion Tax dollars have significantly increased over the last five years. In turn, additional grant funding going out to South Dakota Artists and increasing workload to the South Dakota Art's Council. This position would be classified as a Grant Specialist I, therefore, requested at Midpoint of a GJ. Salary \$71,743.68.

There is only 1 position currently within the South Dakota Arts Council (SDAC) classified as a grants specialist, and all SDAC staff (4 FTEs) currently contribute in some way or another to the agency's grants administration. The current grant specialist position (1 FTE) is not dedicated entirely to management of grants and includes other job duties including but not limited to the following: accessibility coordinator, website administrator, process analyst, and public outreach. In addition, SDAC has less direct support with grant payments/administration in FY 2025 and going forward than previously. SDAC will continue to work with Travel South Dakota' Finance Officer on grant payments, but no longer with the aid of an additional accounting assistant.

This position was not recommended given the current grant workload being met with the existing staff.

The governor does not recommend this request.

2. National Endowment for the Arts Federal Fund Authority

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$487,527	\$0	\$487,527	0.00
Governor's Recommendation	\$0	\$487,527	\$0	\$487,527	0.00

The agency requests an increase of **\$487,527** in **federal funds** for aligning the agency’s budget with the annual award amount from the National Endowment for the Arts (NEA).

This is not a new grant or an extension to a grant, but the normal annual award that has increased over the past few years and the expenditure authority budget has not been adjusted accordingly. NEA grant funds are to be used to carry out a state arts agency’s “state arts plan”/strategic plan, with the expectation of subawarding funds to eligible arts and cultural organizations as well as artists and maintain the staff to do so.

The governor recommends this request.

3. Tourism Promotion Tax Revenue Increase

	General	Federal	Other	Total	FTE
Agency Request	\$0	\$0	\$588,219	\$588,219	0.00
Governor's Recommendation	\$0	\$0	\$588,219	\$588,219	0.00

The agency requests an increase of **\$588,219** in **other fund** expenditure authority for to align with projected increase in promotion and gaming tax dollars.

\$479,449 is for the projected Tourism Promotion Tax increase and \$111,770 is for the projected increase in Gaming Tax.

\$572,797 of this authority will be utilized to fund marketing work on a plethora of marketing platforms-broadcast, cable and connected TV, print, digital, social out of home, email, and video. The agency will continue to place its marketing in its key markets, which include Minnesota, Iowa, Nebraska, Colorado, Illinois, Texas, South Dakota, North Dakota, Wyoming, Montana, etc.

\$15,422 of this authority will allow South Dakota Arts Council to increase its grant-making budget at a commensurate level with the increases in federal/National Endowment for the Arts funding and the corresponding required 1-to-1 state match. The majority of these funds will be granted to arts and cultural nonprofits and artists working in South Dakota.

The governor recommends this request.

Department of Tourism Budget Request							
By Fund Category	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
General	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal	\$9,359,612	\$12,573,978	\$12,824,062	\$9,796,773	\$10,284,300	\$10,284,300	\$487,527

By Fund Category	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
Other	\$18,559,517	\$22,234,585	\$22,372,623	\$25,010,107	\$25,695,787	\$25,598,326	\$588,219
Total	\$27,919,129	\$34,808,563	\$35,196,685	\$34,806,880	\$35,980,087	\$35,882,626	\$1,075,746
By Program	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
Tourism	\$26,063,372	\$32,521,600	\$32,621,296	\$32,352,534	\$32,925,331	\$32,925,331	\$572,797
Arts	\$1,855,757	\$2,286,963	\$2,575,389	\$2,454,346	\$3,054,756	\$2,957,295	\$502,949
Total	\$27,919,129	\$34,808,563	\$35,196,685	\$34,806,880	\$35,980,087	\$35,882,626	\$1,075,746
By Object Expenditure Personnel Costs	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
	\$2,734,378	\$3,160,618	\$3,162,136	\$3,213,069	\$3,306,530	\$3,213,069	\$0
Salaries	\$2,170,488	\$2,519,685	\$2,476,725	\$2,511,723	\$2,583,467	\$2,511,723	\$0
Benefits	\$563,890	\$640,933	\$685,411	\$701,346	\$723,063	\$701,346	\$0
Operating Expenditures	FY 2023 Actual	FY 2024 Actual	FY 2024 Budget Revised	FY 2025 Budget	FY 2026 Agency Request	FY 2026 Governors Recommended	Change From FY2025
	\$25,184,751	\$31,647,945	\$32,034,549	\$31,593,811	\$32,673,557	\$32,669,557	\$1,075,746
Travel	\$320,209	\$333,421	\$308,205	\$379,207	\$382,207	\$379,207	\$0
Contractual Services	\$21,174,652	\$27,427,949	\$29,103,420	\$28,537,636	\$29,110,933	\$29,110,433	\$572,797
Supplies	\$560,632	\$677,746	\$364,764	\$364,764	\$365,264	\$364,764	\$0
Grants	\$2,834,736	\$3,156,566	\$2,218,160	\$2,272,204	\$2,775,153	\$2,775,153	\$502,949
Capital Outlay	\$291,832	\$30,915	\$40,000	\$40,000	\$40,000	\$40,000	\$0
Other Expenses and Budgeted Operating Transfers Out	\$2,690	\$21,348	\$0	\$0	\$0	\$0	\$0
Total	\$27,919,129	\$34,808,563	\$35,196,685	\$34,806,880	\$35,980,087	\$35,882,626	\$1,075,746
Full-Time Equivalent (FTE)	36.47	36.91	38.7	38.7	39.7	38.7	0.00

Funding Sources (Governor's Recommended)						
	General	Federal	Other	General%	Federal%	Other%
FEDERAL STIMULUS FUNDS (COVID-19)	\$0	\$8,750,000	\$0	0.0%	85.1%	0.0%
BSG-NEA-BASIC STATE GRANT	\$0	\$1,534,300	\$0	0.0%	14.9%	0.0%
TOURISM PROMOTION FUND	\$0	\$0	\$24,175,331	0.0%	0.0%	94.4%
FINE ARTS	\$0	\$0	\$1,422,995	0.0%	0.0%	5.6%

Federal Fund Expenditure Authority

- Increase of **\$325,000 in federal fund expenditure authority** for the annual grant that the SD Art's Council receives from the National Endowment for the Arts (NEA). Funds will be used for the various grants out to artists in South Dakota. This specific dollar amount was calculated by taking the difference in what the agency is currently budgeted in FY25 versus its award amount from the NEA.

Gaming and Tourism Promotion Tax

- Increase of **\$920,558 in other fund expenditure authority** for operating the Department of Tourism as well as for its year-long marketing campaigns geared towards leisure travelers, hunters and anglers. Marketing can include TV, print, digital, audio, social, email, website and public relations. Funds may also be utilized for the department's community cooperative marketing program. With this program, the department partners with specific destination marketing organizations (DMOs) within the state like cities, regional tourism associations, convention & visitors bureaus or chambers of commerce with a dollar-for-dollar match to assist in marketing that specific DMO.