

Taxing advertising would be **harmful to tourism businesses** for several key reasons:

Increased Marketing Costs

Tourism businesses rely heavily on advertising to attract visitors. Adding a sales tax would **increase the cost of advertising**, forcing businesses to either spend more or cut back on promotions—reducing their ability to reach potential tourists.

Less Visibility = Fewer Visitors

If businesses cut back on advertising due to higher costs, fewer people will see promotions for **hotels, attractions, events, and destinations**. This could lead to a drop in visitors, directly impacting local economies.

Hurts Small & Local Businesses

Large corporations may absorb the added costs, but **small businesses**, which are the backbone of tourism, will struggle. Many already operate on tight budgets and may have to reduce ad spending or raise prices to compensate.

Ripple Effect on Local Economies

Tourists bring money into **restaurants, shops, hotels, and attractions**. If fewer people visit due to decreased marketing reach, it could lead to lower revenue, job losses, and even business closures.

Weakens South Dakota's Competitive Edge

South Dakota competes with neighboring states for tourists. If advertising becomes more expensive here, but not in other states, **our tourism industry could lose out** to competitors who can afford to market more aggressively.

 **Bottom Line:**

Removing the sales tax exemption on advertising would make it harder for tourism businesses to promote themselves, leading to **fewer visitors, less revenue, and a negative impact on the entire state economy.**

This is why TCSD is fighting to keep the exemption in place but you need to make your voice heard – contact the House State Affairs Committee on HB 1138, Senate State Affairs Committee on HB 1191, and the Senate Taxation (SB 121) before Friday, February 21, 2025! 🚨