

SOUTH DAKOTA

In 2023, statewide commercial casino gaming revenue in South Dakota hit an all-time record total of \$147.6 million, an increase of 3.3 percent from the previous year.

Market Overview

South Dakota offers commercial casino gaming at 22 locations exclusively within the city limits of historic Deadwood, located on the edge of the Black Hills National Forest near the Wyoming and Montana borders.

The casinos, which can operate electronic gaming devices, table games and sports betting, are regulated by the South Dakota Commission on Gaming.

Commercial casino gaming was first approved by South Dakota voters in a 1988 statewide referendum. Sports betting received voter approval in 2020 and began in 2021 after the state legislature passed a new law to implement the referendum.

Market Performance

In 2023, total statewide commercial casino gaming revenue was a record \$147.6 million, up 3.3 percent against the previous year.

Total revenue from electronic gaming devices at commercial casinos in Deadwood was \$130.6 million, up 3.7 percent. Table game revenue was \$16.0 million, essentially the same amount as in 2022. Meanwhile, sports betting revenue amounted to slightly over \$1.0 million, up 15.9 percent compared to the prior year.

KEY STATE INFORMATION

NUMBER OF COMMERCIAL CASINOS

22

CASINO FORMAT

Land-Based Casinos

REGULATORY AUTHORITY

South Dakota
Commission on
Gaming

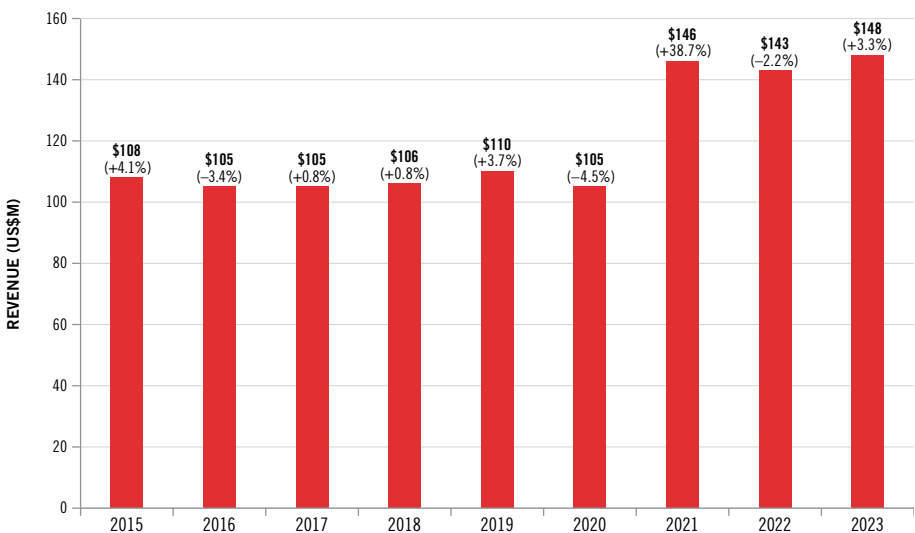
GROSS CASINO GAMING REVENUE 2023

\$147.6M

GAMING TAX REVENUE 2023

\$12.6M

SOUTH DAKOTA: COMMERCIAL CASINO GAMING REVENUE (US\$M) 2015 to 2023



SOURCE: South Dakota Commission on Gaming



Gaming Tax Distribution

South Dakota applies a 9 percent tax on all commercial casino gaming revenue, including revenue derived from sports betting. The sportsbook operations of Deadwood casinos are also subject to a 0.25 percent federal excise tax applied to wagering handle.

In 2023, commercial casinos in South Dakota generated total gaming tax revenue of approximately \$12.6 million, up 3.8 percent against the previous year.

Of the 9 percent of gaming revenue collected, 1 percent is distributed to South Dakota’s General Fund, and the remaining 8 percent is divided between the state’s Gaming Commission Fund, the South Dakota Department of Tourism, and Lawrence County where Deadwood is located.

The Gaming Commission Fund provides up to \$6.8 million annually to the City of Deadwood, and up to \$100,000 to the State Historical Preservation Grant and Loan Fund, with all remaining funds going to the state General Fund, Lawrence County municipalities and schools, and Deadwood historic preservation. In addition, the Commission Fund is authorized to provide up to \$30,000 annually for state gambling addiction programs.

Competitive Landscape

With almost two dozen casinos in Deadwood and no major population center within hundreds of miles, South Dakota relies heavily on tourists to patronize the historic town’s commercial casinos. The wider South Dakota gaming market also includes 13 tribal casinos spread across the state, as well as a network of over 10,700 electronic gaming devices operated by the South Dakota

Lottery at more than 1,300 retail locations, such as bars and taverns. In 2023, total statewide revenue from such electronic gaming devices was \$392.8 million, up 0.8 percent from the previous year.

Policy & Regulatory Review

Sports Betting

Proponents of online sports betting in South Dakota faced another year of frustration in 2023.

In February, a constitutional resolution to authorize statewide mobile sports betting was defeated on the floor of the state’s House of Representatives by a 41–28 margin.

The legislative setback came after a similar constitutional amendment was passed by the South Dakota Senate in 2022 but never brought up for a vote in the House. If a measure on online sports betting is ultimately approved by lawmakers, it would then be subject to a statewide voter referendum.

Responsible Gaming

In March, the South Dakota Commission on Gaming approved new regulations requiring Deadwood’s commercial casinos to take additional measures to prevent underage players from entering the casino floor.

The new rules specifically require each operator to have a designated employee to ensure the casino has a full view of any gaming conducted on the premises. Each casino is also required to submit detailed procedures on how it intends to control access to the gaming floor for formal approval by the commission.

SOUTH DAKOTA: YOY COMMERCIAL CASINO REVENUE GROWTH BY STATE 2023

Deadwood casinos rebounded from a modest decline in revenue in 2022 to report record overall gaming revenue in 2023.

