



HISTORIC PRESERVATION FUNDING BRIEF

Deadwood Gaming Formula | 2026 Legislative Session

DEADWOOD IS A STATEWIDE ASSET

Operating Under a 1995 Funding Formula

A Measured Update Is Needed

Deadwood welcomes millions of visitors— more than Mt. Rushmore and Crazy Horse Memorial combined and 3 million more than the Sturgis Rally. This success places extraordinary demands on historic infrastructure and public systems while preservation efforts operate under a funding formula established in 1995. Updating this antiquated formula allows preservation funding to better reflect today’s realities while maintaining the legislative intent.

Preservation of Deadwood’s National Historic Landmark status is a responsibility shared by the State of South Dakota.



DEADWOOD BY THE NUMBERS

- **3.8 million visits a year**
- 1,156 residents
- Less than five square miles
- National Historic Landmark
—designated in 1961

A 1995 Funding Formula No Longer Fits Today

What Has Changed Since 1995

- Deadwood has evolved into a year-round destination
- Annual visitation has grown to nearly 4 million
- Preservation demands have increased with:
 - Higher construction and material costs
 - Greater pressure on historic infrastructure
 - Expanded expectations for public safety and services

What Has Not Changed

- The funding formula governing gaming revenues was established in 1995
- Net municipal proceeds for historic preservation has been capped since being established in 1995
- Preservation funding has remained flat, despite growth in gaming revenues
- Deadwood receives less preservation funding today than it did over a decade ago

THE COST OF PRESERVATION

Since 1995, the purchasing power of preservation dollars has been cut nearly in half. What cost \$1 million then requires almost \$2 million today — yet the funding cap has not changed.

Why the Cap Creates a Financial Challenge

- Inflation erodes purchasing power each year
- Deferred maintenance increases long-term costs
- Critical preservation and infrastructure projects are being delayed
- The current formula no longer reflects:
 - Visitation volume and infrastructure stress
 - Deadwood's statewide economic contribution

Why This Is a Statewide Issue

- Deadwood is a National Historic Landmark
- Preservation of Deadwood is constitutionally mandated
- Preservation responsibilities extend beyond municipal boundaries
- Millions of visitors experience Deadwood as part of South Dakota's story
- Protecting this resource protects statewide economic and cultural assets

A Measured Update That Preserves Legislative Oversight

What This Legislation Does

- Updates an outdated 1995 legislative cap
- Adjusts the distribution formula to better protect Deadwood's history and future
- Allows preservation funding to grow responsibly as gaming revenues increase

What This Legislation Does Not Do

- Does not create a new tax
- Does not increase gaming rates or expand gaming
- Does not reduce funding for other state programs
- Does not remove legislative authority or oversight

A Phased and Responsible Approach

- Adjustments are implemented gradually over multiple years
- Predictable, transparent distributions for state budgeting
- Maintains balance among:
 - State interests
 - Local governments
 - Education
 - Historic preservation

Preserving a National Historic Landmark Requires Infrastructure Work

- Structural retaining walls and hillside stabilization
- Historic streets, walkways, and public right-of-way improvements
- Public facilities serving millions of annual visitors
- Code-compliant restoration of historic structures
- Research, conservation, and documentation required by local, state and federal standards, rules and regulations

Preservation funding for Deadwood is derived from gaming revenue and administered by the State of South Dakota, supporting stewardship of a National Historic Landmark under legislative oversight.

A Measured Decision — With No Impact in 2026

This legislation recognizes current fiscal realities. A vote in favor makes no change in 2026, with phased adjustments beginning in 2027 and reaching the final formula in 2029.

What a “YES” Vote Does — and When

2026:

- No change to current funding levels
- No new fiscal impact to the state

2027–2029:

- Gradual, predictable adjustments
- Allows time for planning and budgeting
- Prevents sudden unmanageable changes

2029 and Beyond:

- Preservation funding aligns with current realities
- The updated formula continues at a stable and fair level

Why the Phased Approach Matters

- Respects current budget pressures
- Avoids sudden funding shifts
- Allows legislative oversight at every step
- Reflects responsible, long-term planning

What a “YES” Vote Does Not Do

- Does not create a new tax
- Does not expand gaming
- Does not reduce funding for other programs
- Does not remove legislative authority

Bottom Line

This legislation is not a request for immediate funding. It is a measured update to the antiquated formula, adopted now, implemented gradually, and designed to allow for calculated economic growth for Deadwood and the state of South Dakota.



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2026 Legislative Session — **Senate Bill 102**
Amending § 42-7B-48.1 to update the distribution of gaming tax revenues.