

Cash Registers Ring more for some Area Town

By: Chuck Blomberg

Mitchell Daily Republic

Saturday, February 7, 2004

A majority of 45 area towns reported growth in 2003 taxable sales, a sign that the economy is going the right direction for some rural merchants.

Area leaders in towns charting growth were pleased by the figures and said it was important for small towns to promote economic growth.

"It's a very critical thing. It's not looking at yourself alone. It's looking at regional areas," said Miner County Community Revitalization Executive Director Randy Parry. "(Area towns) need to really work on collaborative working strategies."

Town	2002	2003	% Change
Alpena	-30.88
Delmont	-11.30
Dimock	-15.82
Gann Valley	-65.61
Spencer	-17.83
Fort Thompson	31.68
Bonesteel	16.22
Howard	14.39
Pukwana	12.57

Figures from the state Department of Revenue showed that 28 of 45 selected area towns showed growth in taxable sales from 2002 to 2003, and 17 showed a decline.

Taxable sales are those sales that are subject to sales taxes.

The percent change ranged from a 65.61 percent drop in Gann Valley to a 31.68 percent increase in Fort Thompson, both of which are in Buffalo County.

Six of the 45 towns reported double-digit percentage increases in taxable sales, including Fort Thompson; Bonesteel, 16.22 percent; Howard, 14.39 percent; Pukwana, 12.57 per-

cent; Scotland, 12.59 percent; and Artesian, 10.47 percent.

In Howard, Parry said the town gained a new diner in 2003, helping boost that town's taxable sales. Also, people in Howard and Miner County try to buy locally whenever possible, he said.

"We really stress that," he said.

While many towns did well, others struggled in 2003.

Five towns had double-digit percentage decreases for taxable sales in 2003, including: Alpena, -30.88 percent; Delmont, -11.30 percent; Dimock, -15.82 percent; Gann Valley (an unincorporated town that is also a county seat); and Spencer, -17.83 percent.

Jeanette Smith, finance officer for Delmont, said the decrease for that town of 263 people likely was reflective of the area's farm economy. The decrease occurred even though the town gained a steakhouse and lounge about halfway through the year, she said.

"Everything has remained the same. ... We still have our grocery store, fortunately," she said.

Many area towns also did well in 2003 for gross sales, which include sales that are not made directly by consumers and are exempt from sales tax. Such sales are often associated with manufacturers who sell items to wholesalers and with wholesalers who sell items to retail outlets. Tax-exempt sales also can occur when a product is purchased from South Dakota, but delivered in a different state.

For gross sales, 29 towns reported growth in

2003 and 16 saw a decline.

Gross sales do not necessarily correlate with taxable sales. For instance, Alpena saw an increase of 22.3 percent in gross sales, jumping from \$87.7 million in 2002 to \$107.5 million in 2003. However, Alpena's taxable sales decreased 30.88 percent, or by more than \$2 million.

Part of the reason gross sales are on the rise in Alpena

even though taxable sales are on the decline

is because of the success of LSI Inc., Jack Links Beef Jerky, according to locals.

The Alpena beef jerky plant sells its products to other entities for the purposes of resale. Sales taxes are not applied when the product is transferred to those entities, but the sales are recorded as gross sales.

"We had a good year last year. Each year we break records," said Doug Walz, controller for the beef jerky company.

News that the majority of towns did better in 2003 than in 2002 was welcomed by officials in Mitchell, which also saw an economic recovery last year fol-

lowing a sluggish 2002.

"We need healthy towns in our region. We want to be a trade center for our area. But we don't have to do that at the expense of the economies of other towns," said Bryan Hisel, Mitchell Area Chamber of Commerce executive director.

Taxable sales for Mitchell have increased dramatically in the last five years with the addition of retail stores like Cabela's and Wal-Mart. Since 1998, taxable sales for Mitchell increased by about 42.4 percent from more than \$275.5 million five years ago to nearly \$392.3 million in 2003.

However, 2002 was a sluggish year, with taxable sales increasing by only 1.8 percent - from more than \$360.9 million to more than \$367.5 million. But Mitchell's economy rebounded quickly in 2003, with a 6.74 percent increase.

Hisel said the improvement last year was due to a recovering economy.

"I think 2004 is the year we reach \$400 million, barring that we go backwards," Hisel said. "It wasn't long ago that we were at that \$260 million level."