

A Snapshot of The Economic Impact of Outdoor Recreation

June 2012



Friends of the West,

*When I assumed the chairmanship of the Western Governors' Association (WGA) last summer, I launched **Get Out West!** – a multi-pronged campaign designed, in part, to highlight the importance of outdoor recreation to the Western economy. As one of the key pillars of **Get Out West!**, we wanted to, specifically, develop a report documenting the income, tax revenue and the number of jobs created by outdoor recreation.*

We turned to a leader in the outdoor recreation industry – the Outdoor Industry Association (OIA). In 2006, OIA published a seminal report through its Foundation to document the economic impact of outdoor recreation; and we learned that OIA was already working to update the 2006 study. Always striving for partnerships, OIA offered to collaborate with the Western Governors' Association on timing, research and methodology, and funding to expand the outdoor recreation activities included in its national and state-based reports.

In that spirit of partnership, the Motorcycle Industry Council (MIC), the Specialty Vehicle Institute of America (SVIA), the Recreational Off-Highway Vehicle Association (ROHVA) and the National Marine Manufacturers Association (NMMA) offered to expand the activities that are tracked by OIA to include many more segments of outdoor recreation. This is a first of its kind – a jointly released snapshot on the economic impact of outdoor recreation. These segments of the outdoor recreation industry recognize the potential to change the conversation about the economic value of outdoor recreation and have embraced the opportunity to jointly fund and present this study.

The result of this collaboration is the first complete picture of the economic benefits of all types of outdoor recreation in the nation and the West. The work doesn't end here. Later this month, OIA will release "The Outdoor Recreation Economy" report detailing the national economic impact of outdoor recreation. MIC will also release additional motorized recreation data later this year; and all of the partner organizations will continue to work together to invest in further study on the economic impact of outdoor recreation at the state level.

On behalf of my colleagues, I thank OIA, MIC, SVIA, ROHVA and NMMA for contributing their knowledge, time and funding that made this important report possible. It is our hope at WGA that policymakers at the national, state and local levels will use this information to guide decisions on policies and investments related to job creation, economic development and community strengthening.

Outdoor recreation is critical to the West's economy for more than just the opportunity to play in the great outdoors. It creates sustainable jobs and incomes for our friends and neighbors, especially in rural areas. It provides the opportunity to unplug from our busy lives, recharge our souls and live healthier lifestyles.

The history and ethic of the West are tied to our lands and great outdoor places. Let's build a world-class industry and recreational opportunities for Westerners and visitors to enjoy.



Christine O. Gregoire
Governor

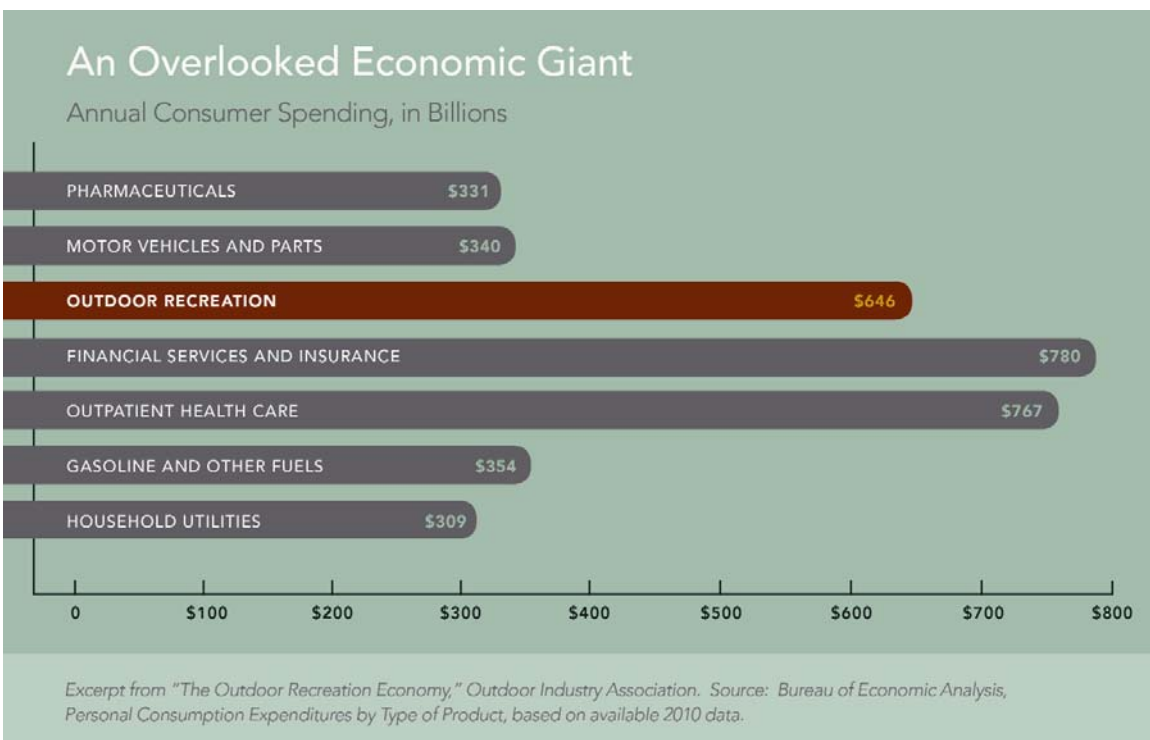
Outdoor Recreation and the Economy

The outdoor recreation industry jointly commissioned the firm of Southwick Associates to conduct a survey of Americans on their spending on outdoor recreation equipment and activities. The partners wanted to determine the economic impact of outdoor recreation. The findings of the survey are summarized in this report.

How is “economic impact” calculated? Many people might think of a consumer buying equipment – a tent, fishing pole, ATV, bicycle, boat, snowboard or rifle. However, the impact is much more complex than the manufacture and sale of gear and vehicles. Gas stations, restaurants, hotels, river guides and ski resorts benefit from outdoor recreation. In total, equipment and travel expenditures represent billions in direct sales that create jobs, income, tax revenues and other economic benefits.

National – Direct Sales and Services

Direct annual spending on outdoor recreation is enormous. Americans spent an estimated \$645.6 billion on outdoor recreation in 2011¹. For purposes of comparison, direct sales in other economic sectors² include:



When considering the economic impact of outdoor recreation, many people think of a family heading into public lands and waters to camp, fish, boat or hike; or of a group of hunters spending the night at a hotel before a day's trip. The broad economic impact of outdoor recreation, however, includes the design, development, marketing and manufacturing of gear – such as hiking boots, rifles, fishing rods, water skis, camping gear, off-highway vehicles and more – as well as the expenditures for going on a trip to use that equipment – such as gas, lodging, hunting or fishing guides, and park passes. Outdoor recreation need not

**Annual Spending
on Outdoor
Recreation
in the U.S.
\$646 Billion**

¹See forthcoming report "The Outdoor Recreation Economy", Outdoor Industry Association, June 2012, for additional details on the national economic impact of outdoor recreation. Online at www.outdoorindustry.org

²Bureau of Economic Analysis, Personal Consumption Expenditures by Type of Product, based on available 2010 data.

involve overnight travel. A mountain bike purchased to ride on close-to-home trails has economic impact as does the ski boat used to wake board at local reservoirs.

In addition to leisure and hospitality, outdoor recreation spans numerous traditional and well-measured industries including manufacturing, wholesale and retail sales, research and development, finance, professional services and more. As a result, data in this report was developed by surveying consumers, the end users of recreation.³



**Annual Spending
on Outdoor
Recreation in
the Western U.S.
\$256 billion**



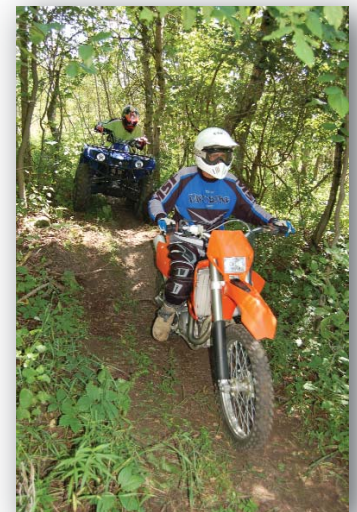
Western States – Direct Sales and Services

Outdoor recreation spending in Western states equaled \$255.6 billion – nearly 40% of the national total. This includes purchases of outdoor gear and vehicles as well as travel expenditures when enjoying the great Western outdoors.

Western States – Employment

Outdoor recreation spending equals jobs in the West⁴ – 2.3 million jobs in the region in 2011. And jobs bring income – \$110.3 billion in salaries, wages and business income (profit and dividends) in 2011.

The results presented in this snapshot include only the direct effects created by outdoor recreationists when they spend their dollars. Direct jobs include, for example, product designers, website developers, marketers and management at outdoor gear manufacturers as well as retail store owners, restaurant employees, river guides and others in the businesses that directly serve outdoor recreation participants.



**Outdoor
Recreation Jobs
in Western States
2.3 million**

Western States – Tax Revenue

Spending on outdoor recreation generates significant tax revenues for local and state governments. In western states in 2011 it generated an estimated:

\$15.41 billion in Federal tax receipts

\$15.38 billion in state and local tax receipts

³ See, back inside cover for an overview of survey details and methodology.

Outdoor Recreation Activities Included in this Snapshot

The following outdoor activities were included in the survey:⁴

- | | | |
|--------------|---------------------------|-------------------|
| Trail sports | Biking | Camping |
| Snow sports | Water sports ⁵ | Fishing |
| Hunting | Wildlife watching | Motorcycle riding |
| Off-roading | | |



**Tax Revenue
in Western States
from Outdoor
Recreation
\$30.8 billion**

Outdoor Recreation Activities Not Included in this Snapshot

A conservative approach to measuring economic impact was taken in developing this snapshot. While all of the direct economic impacts of the activities listed above are included, a number of activities that may be associated with outdoor recreation were not included. Some activities that survey respondents indicated participating in had a tenuous connection to outdoor recreation, and were therefore excluded from the data set.

Special Events

Excluded activities included, for example, attending special events, such as tailgating or attending motorcycle rallies. While not included in this snapshot, these activities have tremendous economic impact on states and communities. For example:



- The city of Sturgis, South Dakota, calculates the economic impact on the region of the annual week-long Sturgis Motorcycle Rally to be more than \$800 million. An estimated 417,000 people attended the 71st annual rally in 2011, staying for an average of 5.8 days.

- In Daytona Beach, Florida, Daytona Bike Week and Biketoberfest are annual economic boons to the area. Each year, Daytona Bike Week and Biketoberfest bring about \$600 million in direct economic impact to the Daytona Beach area, according to the Daytona Regional Chamber of Commerce.

⁴ Vehicle expenditures and trip spending for boats, snowmobiles and RVs are categorized under water sports, snow sports and camping, respectively. When off-roading or motorcycle riding was done in conjunction with other activities such as camping and fishing, vehicle expenditures and trip spending were divided between each different activity, depending on survey response.

⁵ Does not including sailing.

- The USA Pro Cycling Challenge held its inaugural multi-stage bicycle road race in Colorado in August 2011. A study on the economic impact of the race reported \$83.5 million garnered by the state during the one-week period with more than one million spectators lining the roads. Twenty-two percent of those spectators were from out-of-state and a world-wide television audience for the race brought even more visibility to Colorado.⁶ This exposure provides future economic value that is immeasurable and also not included in this study.

Foreign Tourist Expenditures

This snapshot is based upon a survey of consumers in the U.S. As such, not included is spending by foreign visitors to the U.S. who purchase equipment and services while participating in outdoor recreation activities.

Ripple Effect

Not included – but still very impactful – are the jobs, tax revenues and other benefits resulting from the ripple effects created as manufacturers, retailers, service providers and other directly-benefitted businesses re-spend recreation dollars down the line. Were these ripple effects included, the broader economic impact of outdoor recreation would be significantly larger than the results presented here.



Conclusion

Spending on outdoor recreation is a vital part of the national and western economies. It means jobs and incomes and can be the lifeblood of many rural communities in the West. This snapshot helps highlight the value of this often overlooked sector – one that is not otherwise measured as a traditional pillar of the U.S. economy.

WGA and its industry partners that developed this snapshot will continue to work together to develop state-level reports on the economic value of outdoor recreation. These reports will help governments and businesses consider policies and investments that will help support this critical driver of economic activity.

⁶ See, http://www.denverpost.com/business/ci_19142673?source=pkg

About Southwick Associates

Southwick Associates, Inc. specializes in natural resource and environmental economics. Southwick can help agencies and industries understand the monetary issues behind the resources they manage, the economic costs and benefits of their activities, the costs imposed on regulated entities and the public, and changes to the customer base.

www.SouthwickAssociates.com.

About the Methodology Used to Generate the Data for This Report

This section briefly summarizes the steps taken to estimate the economic impacts associated with outdoor recreation. Detailed descriptions and discussions will be provided in technical reports to be released by the Western Governors' Association and Outdoor Industry Association in Summer 2012.

Activities not quantified in the study include any commercial or commuting activity, team and spectator sports (ball sports, track and field, swimming etc.), fitness and indoor recreational pursuits (weightlifting, yoga, cooking, electronic entertainment and gaming, reading, indoor hobbies etc.), and vacation and travel for purposes other than undertaking activities specifically in the pursuit of outdoor recreation.

The economic estimates were developed using a peer- and industry-reviewed process employed by Southwick Associates for a similar study in 2006 for The Outdoor Foundation, the not-for-profit arm of Outdoor Industry Association, including:

1. An online survey subcontracted to Harris Interactive to collect participation and expenditures data; and,
2. Development of IMPLAN economic models to identify income, jobs, and tax revenue impacts at the regional and national levels.

About Outdoor Industry Association

Outdoor Industry Association®, based in Boulder, Colorado, is the leading trade association for the outdoor industry and the title sponsor of Outdoor Retailer. OIA supports the growth and success of more than 4,000 manufacturers, distributors, suppliers, sales representatives and retailers of outdoor recreation apparel, footwear, equipment and services. – www.outdoorindustry.org

About The Outdoor Foundation

The Outdoor Foundation is a not-for-profit 501(c)(3) established by Outdoor Industry Association to inspire and grow future generations of outdoor enthusiasts. The foundation introduces youth to outdoor recreation through nationwide programming and produces high-quality, groundbreaking research that quantifies the extent and quality of participation in outdoor recreation as well as its economic impact on the U.S. – www.outdoorfoundation.org

About The Motorcycle Industry Council

The Motorcycle Industry Council exists to preserve, protect and promote motorcycling through government relations, communications and media relations, statistics and research, aftermarket programs, development of data communications standards, and activities surrounding technical and regulatory issues. The MIC is headquartered in Irvine, Calif., with a government relations office in metropolitan Washington, D.C. First called the MIC in 1970, the organization has been in operation since 1914. – www.mic.org

About The Specialty Vehicle Institute of America

The Specialty Vehicle Institute of America promotes the safe and responsible use of all-terrain vehicles through rider training, public awareness campaigns and state legislation. Additionally, the SVIA works to preserve access to off-road lands and expand riding opportunities. Based in Irvine, Calif., the SVIA is a not-for-profit industry association sponsored by Arctic Cat, BRP, Honda, Kawasaki, KYMCO, Polaris, Suzuki, Tomberlin and Yamaha. – www.svia.org

About The Recreational Off-Highway Vehicle Association

The Recreational Off-Highway Vehicle Association is a national industry organization that promotes the safe and responsible use of ROVs, also known as side-by-sides. Based in Irvine, Calif., the not-for-profit association is sponsored by Arctic Cat, BRP, Kawasaki, Polaris and Yamaha. – www.rohva.org.

About National Marine Manufacturers Association

The National Marine Manufacturers Association is dedicated to advocating for and promoting the strength of marine manufacturing, the sales and service networks of its members, and the boating lifestyle. – www.nmma.org

About The Western Governors' Association

The Western Governors' Association is an independent, nonprofit organization representing the Governors of 19 states and three US-Flag Pacific islands. Through their Association, the Governors identify and address key policy and governance issues that include natural resources, the environment, human services, economic development, intergovernmental relations and international relations. – www.westgov.org