

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

MEMORANDUM

TO: Members, Committee on Small Business
FROM: Chairwoman Nydia Velazquez
DATE: October 30, 2019
RE: Full Committee Hearing: “Force of Nature: The Power of Small Businesses in America’s Recreational Infrastructure.”

On Wednesday, October 30, 2019 at 11:30 A.M. in Room 2360 of the Rayburn House Office Building, the House Committee on Small Business will hold a hearing entitled “**Force of Nature: The Power of Small Businesses in America’s Recreational Infrastructure.**” Members will have the opportunity to hear about the significance of the outdoor recreational industry and its subsequent impact on small businesses across the country.

The economic prosperity of the nation is impacted by the growing recreational and tourism sector, which is served by many small businesses. As Congress contemplates an infrastructure package, it is important to consider the outdoor recreational infrastructure, which produced over \$400 billion in gross economic output and supported over 5 million jobs nationwide in 2017.¹ The hearing will examine the economic impact of the outdoor recreational infrastructure, how small businesses contribute to this industry, and public policy can ensure the industry continues to positively impact the economy and local communities.

Witnesses:

- Mr. Ray Rasker, Executive Director, Headwaters Economics, MT
- Mr. Frank-Paul Anthony King, President and Chief Executive Officer, Temple Fork Outfitters (TFO), Dallas, TX
- Ms. Lindsey Davis, CEO, WYLDER, Salt Lake City, UT
- Mr. John Wooden, Owner, River Valley Power & Sport, Rochester, MN, Testifying on behalf of the National Marine Manufacturers Association

Background

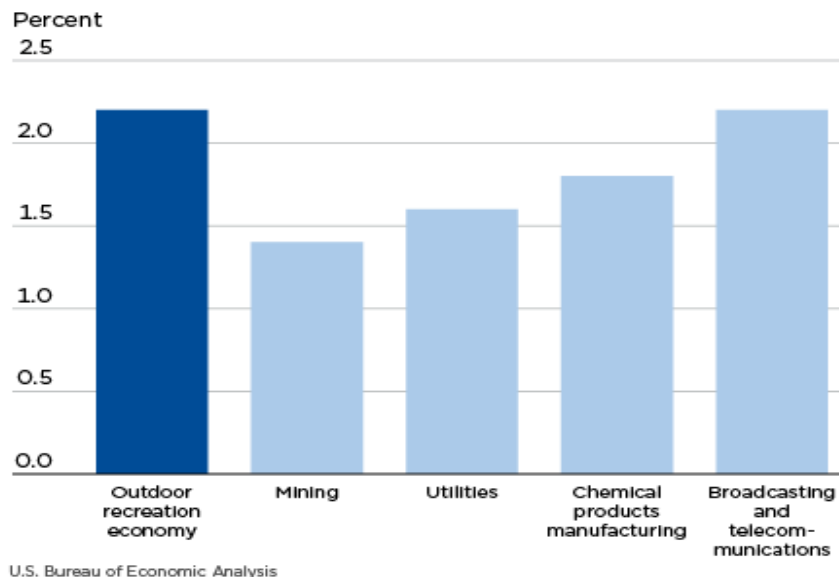
Outdoor recreation is among our nation’s largest and fastest growing sectors, supporting thousands of American communities and providing job opportunities for millions nationwide. Overall, outdoor recreation makes up 2.2 percent of the U.S. gross domestic product (GDP), larger than

¹ U.S. Dep’t of Com., Bureau of Econ. Analysis, Outdoor Recreation Satellite Account, U.S. and Prototype for States, 2017 (last updated Sept. 20, 2019), https://www.bea.gov/system/files/2019-09/orsa0919_1.pdf.

mining, utilities, and chemical products manufacturing.² According to survey data compiled by the Bureau of Economic Analysis (BEA) on the Outdoor Recreation Economy, Americans spend more on outdoor recreation than they do on pharmaceuticals and mining.³ This spending includes purchasing of outdoor recreation goods and services, to trips and travel spending. Outdoor recreation is directly linked with other important sectors such as manufacturing, retail, transportation, food service, tourism, and travel.

The outdoor recreation economy depends on conservation and responsible use of America’s public lands and waters, and provides millions of jobs and opportunities in rural communities around the country. In addition to providing jobs and boosting the economy, outdoor recreation has proven to create healthy communities by delivering personal and social benefits, such as a reduction in crime rate, improved educational outcomes for students of all levels, and lower long-term public health care costs by reducing stress and obesity rates, while improving physical fitness. To put those numbers into perspective, outdoor recreation added more value to the American economy than mining, utilities and chemical products, while steadily catching up to the broadcasting industry, as indicated by the above 2017 BEA report.⁴ According to the BEA, real gross output, compensation, and employment have grown faster in outdoor recreation than for the economy as a whole.

Chart 1. Outdoor Recreation Economy as a Percent of Nominal 2017 GDP Compared with Selected NAICS Industries



Activities and Business in the Outdoor Recreation Economy

Over 144 million Americans participate in outdoor recreation, supporting 5.2 million direct jobs.⁵ There are outdoor recreation businesses operating in every state across the country, in a wide variety of sectors. While traditional outdoor activities are an integral component of the larger

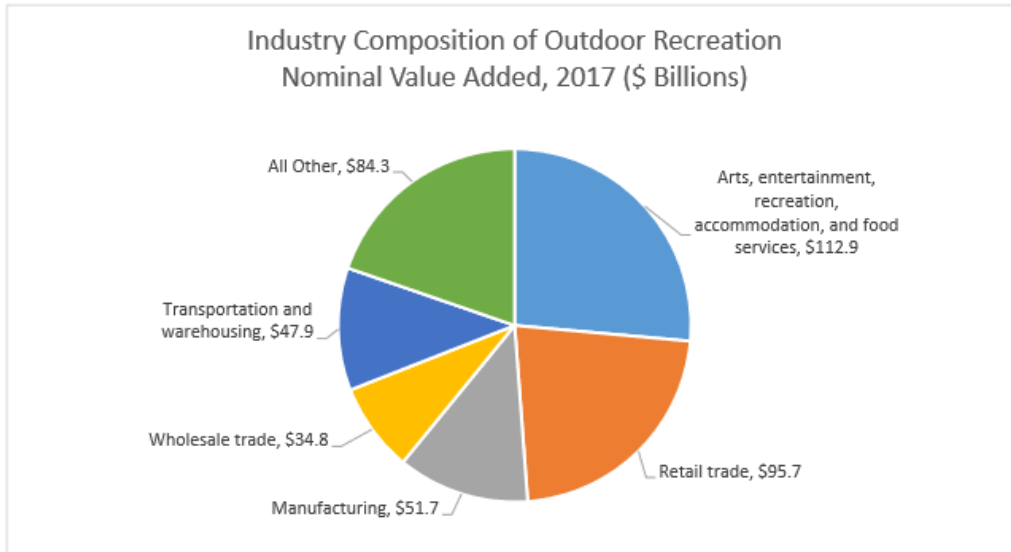
² *Id.*

³ OUTDOOR INDUSTRY ASS’N, THE OUTDOOR RECREATION ECONOMY (2017).

⁴ U.S. Dep’t of Com., *supra* note 1.

⁵ *Id.*

outdoor recreation economy, the two largest sectors of the outdoor recreation economy, both in terms of value and employment are the arts, entertainment, recreation, accommodation, and food service sector (\$112.9 billion in value and over 2 million employees) and the retail trade sector (\$95.7 billion in value and 1.6 million employees).⁶ Manufacturing is the third largest sector of the outdoor recreation economy, employing over 250,000 workers in the US and generating \$51 billion in value.⁷



Bureau of Economic Analysis; U.S. Department of Commerce

The outdoor recreation economy is also extremely varied reflecting the natural and cultural diversity of our entire country. Data below demonstrates the economic impact of specific outdoor recreation activities such as fishing, boating, hunting, and recreation vehicles. Boating and fishing is the largest conventional activity for the nation as a whole at \$20.9 billion in current-dollar value added, with RVing being the second-largest conventional activity nationwide with \$16.9 billion in current-dollar value added in 2017.⁸ Likewise, guided tours also accounted for a significant part of the outdoor recreation economy, with over \$12.9 billion in value added.⁹ This activity also represented one of the fastest growing activities in 2017, growing a staggering 11.4 percent.¹⁰

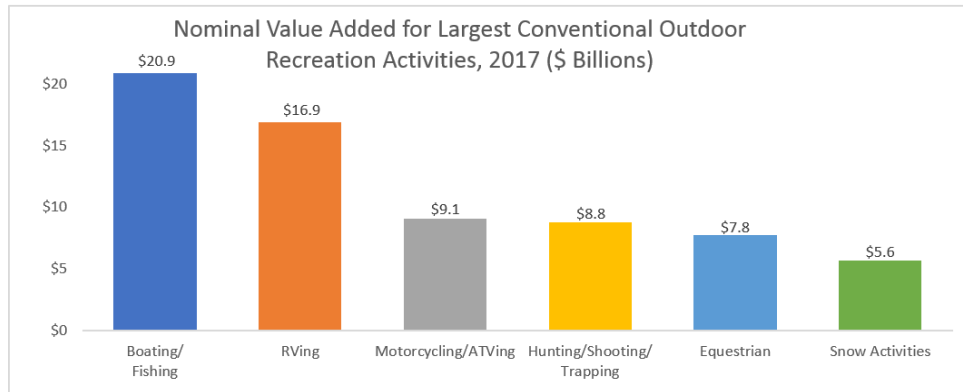
⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ U.S. Dep't of Com., *supra* note 1.



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Growth of the Outdoor Recreation Economy

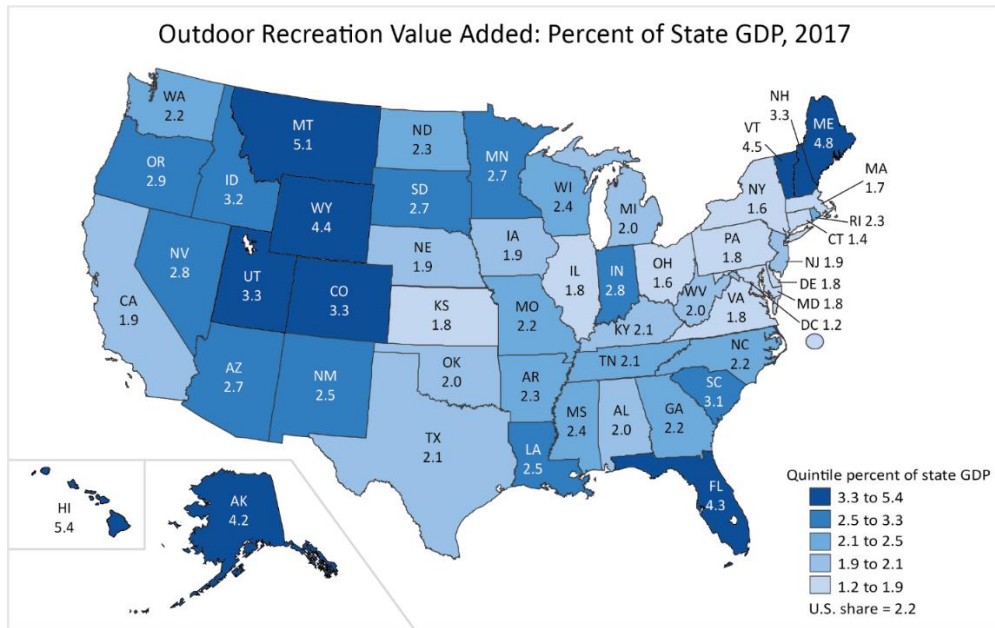
Outdoor recreation has proven to be a leading economic driver in contemporary American society, growing faster than the U.S. economy. In fact, a recent 2017 report released by the U.S. Bureau of Economic Analysis found that outdoor recreation accounted for 2.2 percent of current-dollar GDP, which equates to \$427.2 billion.¹¹ Additionally, inflation-adjusted GDP for the outdoor recreation economy grew by 3.9 percent in 2017, while the overall U.S. economy saw a 2.4 percent growth the same year, showing the extent to which the recreational economy has expanded over time.¹² As demonstrated by the graph below, the size of the outdoor recreation economy varies from state to state, ranging from 5.4 percent in Hawaii to 1.6 percent in New York.

Beyond the direct value and employment that the outdoor recreation industry provides, the outdoor recreation economy generates approximately \$124.5 billion in federal, state, and local tax revenue per year.¹³ The outdoor recreation industries support not only their businesses but serve as an important tax base in towns and cities across the country.

¹¹ *Id.*

¹² *Id.*

¹³ Outdoor Industry Ass’n, *supra* note 3.



U.S. Bureau of Economic Analysis

Small Businesses and the Recreation Economy

America’s small businesses are a catalyst for creating employment opportunities and driving growth in the U.S. economy. The estimated 30 million small firms in the U.S., represent 99.7 percent of all employers and generate two-thirds of all net new jobs. Small firms have an outsized role in every sector of the economy including finance, manufacturing, retail, hospitality, and transportation, all of which are part of the recreation economy. Demand for advanced outdoor technical apparel drives innovation and entrepreneurship creating demand highly skilled workers in technology, product design, and global commerce. Additionally, because many of these businesses and jobs are based in rural communities and strengthen local economies. According to the U.S. Forest Service, small businesses, including more than 5,000 outfitters and guiding companies, benefit from the proximity, availability and access to National Forests.

National Infrastructure

The infrastructure system has served as a critical role in spurring growth throughout the country’s history. Infrastructure is considered a major component of the nation’s economy and therefore a prime factor for an economic development strategy. Without America’s public lands and waters and modern infrastructure, the outdoor recreation economy would not be the engine of economic growth and employment, particularly for rural communities. Public lands and waters are the basic infrastructure of the outdoor recreation industry, and without them the industry cannot survive and thrive.

Unfortunately, the outdoor recreational industry has long been neglected by the government, particularly in terms of federal funding. Last year, dozens of national parks set visitation records. Ideally, that sort of popularity would result in increased congressional attention to improve the conditions of these parks. Instead, congressional funding to the National Park Service has remained stagnant for the better part of the last decade after adjusting for inflation and the U.S. forest service

has a deferred maintenance backlog of more than \$5.2 billion.¹⁴ Infrastructure is vital to realize the social, environmental, and economic benefits of our outdoor spaces and public lands. Members have the opportunity to ask questions to a specific sector of the economy impacted by infrastructure that is a unique view compared to those involved in the construction and support chain of modernizing infrastructure.

Conclusion

Small businesses are an integral part of the outdoor recreation economy. As a leading contributor to the national economy, with a growth rate that is rising faster than that of the overall U.S. GDP, the outdoor recreation industry has proven to play a critical role in the economic health of local and state economies. With the BEA now quantifying the economic impact that the outdoor recreation has on the overall economy, this hearing will give Members of the Committee to hear about challenges and opportunities within the recreation industry and potential ways to support this growing sector of the economy.

¹⁴ U.S. FOREST SERV., LEADERSHIP CORNER: REDUCING OUR DEFERRED MAINTENANCE BACKLOG (2019).