

**House Committee on Small Business  
Hearing on “Force of Nature: The Power of Small Businesses in  
America’s Recreational Infrastructure”**

**October 30, 2019**

Thank you, Chairwoman Velázquez and members of the committee. I am pleased to join you today.

I am the Executive Director of Headwaters Economics, an independent, nonprofit research group based in Montana. We work to improve community development and land management decisions.<sup>1</sup>

The many benefits of outdoor recreation include improved physical and mental health and reduced healthcare costs, spiritual well-being, pride of place, reduced crime, and increased quality of life. I’m here to share with you the *economic* contributions of outdoor recreation and the importance of investing in outdoor recreation infrastructure.

Normally when we talk about the economics of outdoor recreation, people assume we’re talking about tourism. That’s part of the story, but it’s not the whole story. Outdoor recreation benefits our local economies and small businesses in many different ways.

Every year 145 million Americans play outdoors. And when we play outside, we also spend a lot of money—more than \$887 billion annually. That’s more than twice the amount we spend on motor vehicles every year. As a result of these expenditures on everything from gas for our cars to hunting and fishing gear, we create 7.6 million jobs nationwide.<sup>2</sup>

Recently, the Bureau of Economic Analysis estimated the size of outdoor recreation’s contribution to Gross Domestic Product (GDP). In 2017, outdoor recreation represented 2.2% of GDP. To put that into perspective, outdoor recreation adds more value to our economy than mining, oil and gas production; or educational services; or motor vehicle sales; or air transportation. The outdoor industry is also growing faster than the rest of the economy. While in 2017 U.S. GDP grew by 2.4%, the contribution to GDP from outdoor recreation grew by 3.9%.<sup>3</sup>

The Bureau of Economic Analysis also recently documented that many sectors of the economy add value to and are part of outdoor recreation. For example, manufacturing represents 12% of outdoor recreation’s contribution to GDP; transportation and warehousing another 11%.<sup>4</sup> Finance, insurance, advertising, professional and technical services also contribute the goods and services that make up outdoor recreation. In other words, outdoor recreation is more than just the retail trade *and* it includes high-wage occupations.

We also know that more and more people are choosing to live in communities with a high quality of life and outdoor recreation opportunities. Business owners use outdoor recreation to

recruit top talent.<sup>5</sup> For many communities, access to the outdoors is an economic benefit that provides competitive advantage.

Clearly, investment in outdoor recreation infrastructure makes economic sense. More than 140 economic studies document the many ways that hiking and biking trails, picnic areas, fishing access sites, and other infrastructure contribute to local economies. (These studies are available on our web site via an easy-to-use searchable library.<sup>6</sup>) These studies document how outdoor recreation creates jobs, generates taxes, raises property values, and improves public health. Very often the people who benefit the most are the owners of small businesses.

Many of these studies also show that developing outdoor recreation infrastructure yields a high return on investment. For example, the development of hiking and biking trails in Whitefish, Montana, resulted in 68 new local jobs and \$1.9 million in labor income. That is in part from tourists who spend money in local shops, hotels, and restaurants. However, the trail system also leverages investment of local residents. Our research shows that locals who use the trails around Whitefish spend twice as much in local gear shops as those who do not use the trails. For every \$1 spent on developing trail infrastructure, there was a \$2.50 return to the local economy.<sup>7</sup>

Another example of effective investment in outdoor recreation can be found in the Methow Valley of northcentral Washington, famous for its extensive system of summer trails and groomed winter ski tracks. In the Methow Valley, for every \$1 spent on trail infrastructure, there has been a \$6 return to local businesses.<sup>8</sup>

The federal Land and Water Conservation Fund (LWCF) has been an essential tool for developing outdoor recreation infrastructure. It has supported more than 1,200 projects in all 50 states.<sup>9</sup>

Let me give you just one example of the importance of LWCF funds for Montana, where I live. We have some of the country's most spectacular opportunities for fishing, with 170,000 miles of river, including the Yellowstone – the longest free-flowing river in the contiguous U.S.<sup>10</sup> But our rivers are meaningless unless we have access to them, and Montana has invested heavily in recreation access. There are 332 fishing access sites in Montana, each costing at least \$150,000, for a total bill of almost \$50 million.<sup>11</sup> However, the return on this investment is significant because anglers in Montana spend more than \$900 million dollars *per year* which directly benefits small businesses throughout the state.<sup>12</sup> This success is due in large part to investments made possible with LWCF funds.<sup>13</sup>

Let me conclude with an observation on the role of federal public lands in outdoor recreation. In 2016, there were 592 million visits to lands managed by the National Park Service, U.S. Fish and Wildlife Service, Forest Service, and Bureau of Land Management. Visitors to the federal lands spent enough money to create 551,000 jobs in local communities.<sup>14</sup> Visitors to national

parks spent more than \$20 billion in last year alone.<sup>15</sup> Paradoxically, the deferred maintenance backlog for these four agencies combined is estimated to be \$19.38 billion dollars.<sup>16</sup>

In summary, an investment in outdoor recreation infrastructure yields a large return, in terms of jobs and profits for local businesses.

Thank you for your time, and for bringing attention to these issues.

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### About Headwaters Economics

Headwaters Economics is an independent, nonprofit research group that assists the public and elected officials in making informed decisions about land management and community development. <https://headwaterseconomics.org/>.

### Citations

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<sup>1</sup> Headwaters Economics. <https://headwaterseconomics.org/>.

<sup>2</sup> Outdoor Industry Association. 2017. *The Outdoor Recreation Economy*. <https://outdoorindustry.org/advocacy/>.

<sup>3</sup> Bureau of Economic Analysis. Outdoor Recreation Satellite Account. 2017. <https://www.bea.gov/data/special-topics/outdoor-recreation>. Comparison to other sectors from Bureau of Economic Analysis. Other industry Economic Accounts Data: GDP by Industry. 2017. <https://apps.bea.gov/iTable/iTable.cfm?reqid=56&step=2&isuri=1#reqid=56&step=2&isuri=1>.

<sup>4</sup> Bureau of Economic Analysis. Outdoor Recreation. Value Added by Industry. 2017. <https://www.bea.gov/data/special-topics/outdoor-recreation>.

<sup>5</sup> Business for Montana's Outdoors. 2019. *Montana Business Survey*. <https://www.businessformontanasoutdoors.com/research>. See also: Utah Outdoor Partners. 2019. *Survey of Businesses*. <https://gardner.utah.edu/wp-content/uploads/2018-Outdoor-Partners-Report-FINAL.pdf>.

<sup>6</sup> Headwaters Economics. 2019. Trails Benefits Library. <https://headwaterseconomics.org/trail/>

<sup>7</sup> Headwaters Economics. 2018. *The Economic Impact of Outdoor Recreation and the Whitefish Trail in Whitefish, Montana*. <https://headwaterseconomics.org/wp-content/uploads/whitefish-trail-use-full-report.pdf>.

<sup>8</sup> Resource Dimensions. 2005. *Economic Impacts of MVSTA Trails and Land Resources in the Methow Valley*. Methow Valley Sport Trails Association. Available at Headwaters Economics'

Trails Benefits Library: [https://headwaterseconomics.org/wp-content/uploads/Trail\\_Study\\_65-methow-valley-trails.pdf](https://headwaterseconomics.org/wp-content/uploads/Trail_Study_65-methow-valley-trails.pdf).

<sup>9</sup> Headwaters Economics. Land and Water Conservation Fund, 2011-2014.

<https://headwaterseconomics.org/public-lands/lwcf/>. State-by-state data available at:

<https://headwaterseconomics.org/dataviz/lwcf/>.

<sup>10</sup> U.S. Geological Survey. 2018. Gap Analysis Program. Protected Areas Database of the United States (PADUS), version 2.0.

<sup>11</sup> Number of fishing access sites from: Montana Fish, Wildlife & Parks. 2019. *Montana's Fishing Access Sites Field Guide*. <http://fwp.mt.gov/fish/guide/fasGuide.html>. Minimum cost per fishing access site from: Bardell Magnum, Montana Fish, Wildlife, & Parks. Personal communication 5/15/2019.

<sup>12</sup> M.S. Lewis. 2017. *Summary of Research: Statewide Estimates of Resident and Nonresident Hunter & Angler Trip Related Expenditures in Montana (2017)*. HE Unit Research Summary No. 41. Helena, MT: Montana Fish, Wildlife & Parks.

<file:///C:/Users/Janet/Downloads/FINAL%20HD%20Unit%20Research%20Summary%20No%2041.pdf>.

<sup>13</sup> An estimated 165 fishing access sites in Montana were purchased or improved with the help of LWCF according to the Montana Association of Land Trusts: *Keeping Montana the Last Best Place. A Report on the Economic and Community Benefits of the Land and Water Conservation Fund*. <http://www.montanalandtrusts.org/catalogs/catalog147/section380/file2795.pdf>.

<sup>14</sup> S. Cline and C. Crowley. 2018. *Economic Contributions of Outdoor Recreation on Federal Lands (2016)*. Washington, DC: U.S. Dept. of Interior, Office of Policy Analysis.

[https://www.doi.gov/sites/doi.gov/files/uploads/recn\\_econ\\_brochure\\_fy\\_2016\\_2018-04-04.pdf](https://www.doi.gov/sites/doi.gov/files/uploads/recn_econ_brochure_fy_2016_2018-04-04.pdf).

<sup>15</sup> National Park Service. 2018. *2018 National Park Visitor Spending Effects*. Natural Resource Report NPS/NRSS/EQD/NRR—2019/1922.

[https://www.nps.gov/nature/customcf/NPS\\_Data\\_Visualization/docs/NPS\\_2018\\_Visitor\\_Spending\\_Effects.pdf](https://www.nps.gov/nature/customcf/NPS_Data_Visualization/docs/NPS_2018_Visitor_Spending_Effects.pdf).

<sup>16</sup> C.H. Vincent. 2019. *Deferred Maintenance of Federal Land Management Agencies: FY2009-FY2018*. Washington, DC: Congressional Research Service.

<https://fas.org/sgp/crs/misc/R43997.pdf>.