

Economic Analysis of Outdoor Recreation at Washington's State Parks

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Executive Summary

From ocean beaches to mountain waterfalls, hiking trails to swimming areas, Washington's state parks provide access to a diversity of outdoor recreational experiences across the state. The spending associated with these recreational experiences and activities have been contributing to Washington State's economy since the park system's founding in 1913. This report calculates some of the economic benefits of one of the nation's premier state park systems.

An analysis of economic activity associated with Washington State's park system reveals:

Consumer expenditures amount to \$1.5 billion per year.¹

- Expenditures associated with travel to state parks (e.g. gas, food, fees) amount to \$803 million per year.
- Purchases of outdoor recreation equipment (e.g. backpacks, boats, tents) which are used at least in part during the trip amount to \$721 million per year.

Economic contribution of state parks totals \$1.4 billion per year.

- **Direct economic contribution is \$804 million per year.** Direct contribution refers to the portion of the initial consumer expenditures that recirculate throughout the state's economy. This excludes "leakages" of \$720 million for purchases of goods and services that come from outside of Washington State (such as the purchase of a backpack made in California).

¹ Government expenditures/funding of State Parks' lands (for capital improvements and operations) will also create economic activity, but are not quantified in this report.

- **Indirect economic contribution is \$259 million per year.** Indirect contribution refers to the economic effects generated by businesses buying goods and services from other local businesses (e.g. intermediary inputs bought in the supply chain). A gas station buying gasoline refined in Washington State or a grocery store buying produce grown in the state creates an indirect contribution to the state's economy.
- **Induced contribution is \$343 million per year.** Induced contributions are the economic effects resulting from the re-spending of income within the regional economy. For example, a Cabela's employee who uses wages to buy locally-produced milk is creating an induced contribution for the Washington economy.

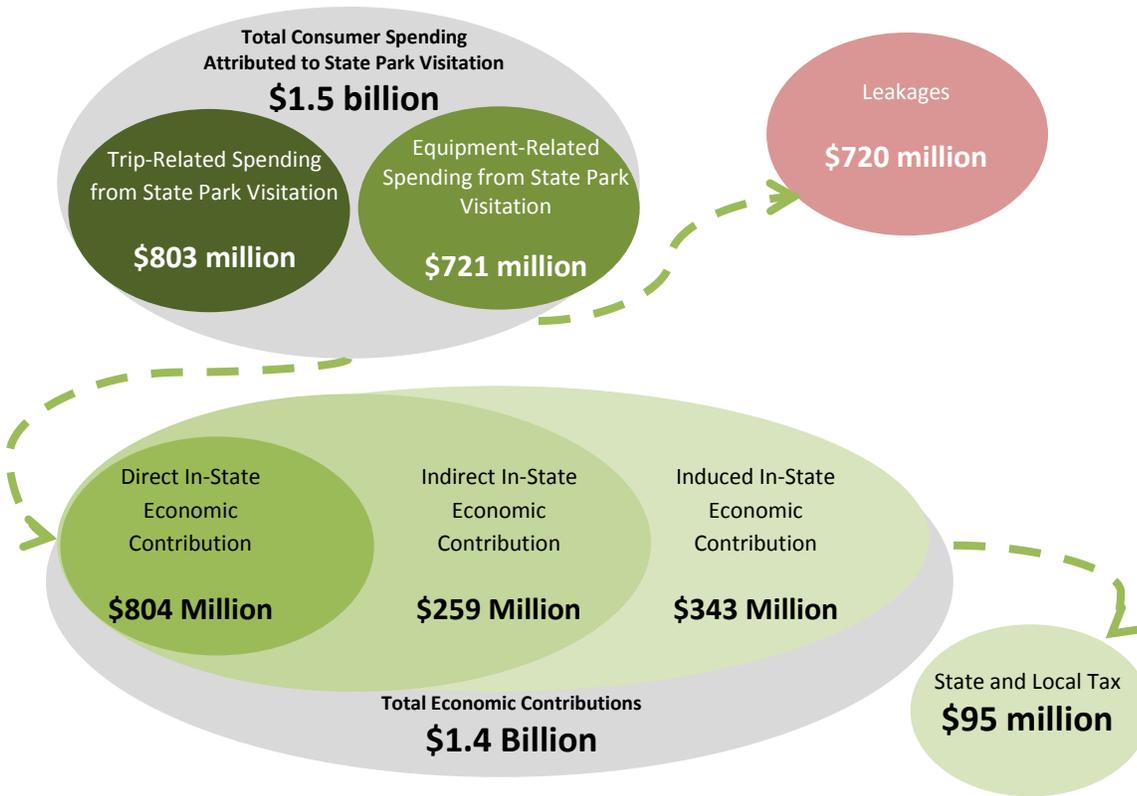
The total economic contribution of state parks generates jobs and taxes.

- **14,000 jobs.** Calculated as 14,000 jobs that include both full and part time jobs; primarily in the food & beverage, retail, wholesale trade and petroleum-related sectors. It does not include jobs resulting from government investment.
- **\$212 million in annual federal, state, and local tax collections,** including \$64 million per year in state tax revenue contributing directly to the State general fund.
- By comparison, during the sample period the state park system received state tax support of \$20.4 million for the two-year 2013-15 biennium (\$10.2 million/year). State tax support for state parks in the 2015-17 biennium increased to \$31.1 million (\$15.6 million/year).

Non-market benefits range between \$1.9 billion and \$2.5 billion per year.

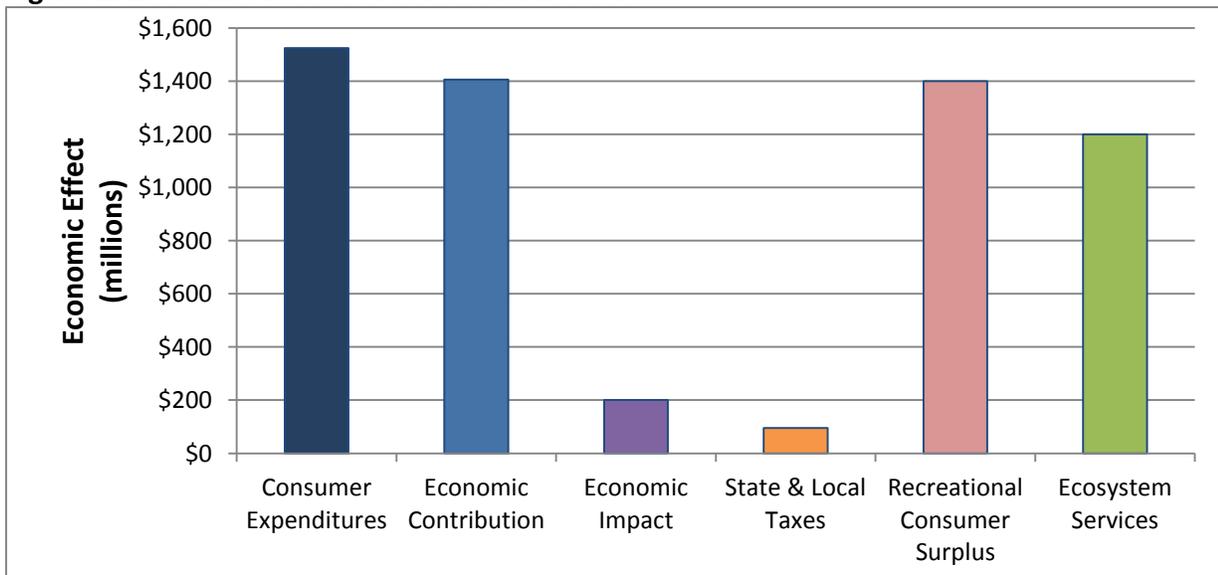
- **Recreation-related consumer surplus is \$1.4 billion per year.** Consumer surplus is an economic measure of consumer satisfaction. In this study it refers to the difference a person is willing to pay for engaging in an outdoor recreational activity and the actual expenditures incurred. The study found that the average visitor spends \$22.39 per visit and receives about \$40 in additional or 'surplus' value; or non-market benefits in the form of experienced satisfaction related to the recreational activity.
- **Non-market ecosystem services valued between \$500 million and \$1.2 billion per year.** Ecosystem service value is the measurement of economic benefits that people derive from natural ecosystems, often expressed as non-market values or market value equivalents. State lands produce ecosystem services such as aesthetic value, habitat for wildlife, and water filtration received by nearby communities. This study calculated the value of these three ecosystem services, although many more are likely being produced. For example, flood protection, pollination, and carbon sequestration are examples of other benefits being provided by state parks, which were not included in this valuation.

Figure 1. Flow Model of Outdoor Recreation Expenditures



The magnitude of each type of economic effect is also illustrated in Figure 2.

Figure 2. Economic Effects of State Park Recreation



This study shows that state parks are essential assets in the outdoor recreation economy and serve as a vehicle for rural economic development. On average, state parks capture 8% of all outdoor recreation participation. State Parks are *the* major facilitator of the outdoor recreation

economy in Pacific, Grays Harbor, Island, and San Juan counties, attracting as much as \$2,500 in consumer expenditures per county resident.² This analysis shows that through outdoor recreation there is a large **transfer of wealth from the urban to rural counties**. Expenditures associated with state parks tend to benefit smaller, local businesses and rural areas.

Not all economic contributions are the same; some industries do a better job at recirculating spending within the regional economy. For example, when a person spends \$20 on a trip to a movie theater, much of that \$20 immediately leaves the regional economy to production studios, movie theater chains and chain restaurants, while a small portion stays within the region, mostly in the form of employee compensation.³ Spending associated with recreation at state parks tends to recirculate within the economy at a higher rate. This analysis finds that 51.5% of spending at state parks stays within the state. A British Columbia study⁴ found that 45% of spending at local independent retailers stays within the region while only 17% of spending at national chains stays within the regional economy. **When money is re-spent within the region, more taxes, jobs, and income are created.**

In addition to a strong economic contribution, state parks provide a suite of economic benefits in the form of consumer surplus and ecosystem services which are not typically measured in a traditional economic analysis. These benefits are worth much more to both the consumer and society than is actually paid for; both by the visitor and government. Accompanying recreation, state parks provide invaluable ecosystem services such as aesthetic value, habitat for wildlife, and water filtration. These ecosystem services are benefits that nature provides for free, given they are maintained. As natural land continues to be degraded, society is seeing increased costs in built infrastructure needed to substitute these services. State Parks helps to preserve and maintain one of Washington's greatest and most productive resources: nature.

This analysis of State Parks' economic contribution is a segmentation of a statewide study on outdoor recreation conducted earlier this year by Earth Economics; *Economic Analysis of Outdoor Recreation in Washington State*. Portions of the modeling and data have been extracted from the earlier report, making it a valuable companion tool for understanding the economics of outdoor recreation. The methodology to determining these various economic effects is described in this study. Data sources, underlying assumptions, calculations, and concepts are explained for each type of analysis. Explanatory maps, figures, and graphs are used to illustrate results. Attendance data is from *Economic Analysis of Outdoor Recreation in Washington State*, which takes data from calendar year 2012 and provided by the Washington State Parks and Recreation Commission. Environmental Learning Centers and Interpretive Centers have been included, which were not previously valued. See Methodology section for more information. All figures are given in 2015 USD.

² Consumer expenditures by county residents and county visitors divided by the number of county residents; this figure gives some measure of the State Park recreation economy in proportion to county populations.

³"Why Does Popcorn at the Movies Cost so Much?" Why Does Popcorn at the Movies Cost so Much? Web. 13 July 2015.

⁴"Key Studies: Why Local Matters." Institute for Local Self Reliance. Web. 08 July 2015.