

Colorado Off-Highway Vehicle Coalition

Economic Contribution of Off-Highway Vehicle Recreation in Colorado

Executive Summary

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www.cohvco.org

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Executive Summary

Introduction

Colorado offers unique opportunities for motorized recreation throughout much of the state. This is mainly due to the vast amount of appropriate terrain for off-highway motorized recreation. As such, the sport and industry of motorized recreation has enjoyed an increase in popularity in the state by both residents and non-residents. The purpose of this study was to evaluate the economic contribution of motorized recreation throughout Colorado.

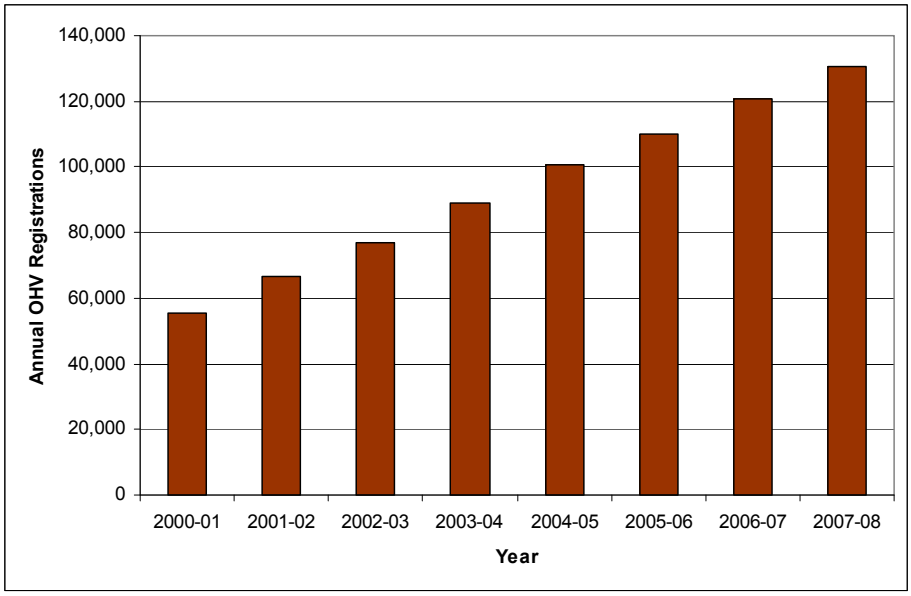
Much of the analysis was based on a previous study completed by Hazen and Sawyer in 2001 titled *Economic Contribution of Off-Highway Vehicle Use in Colorado*. The previous study included a household survey that collected valuable information on where and when motorized recreation enthusiasts utilize their vehicles for recreation, average expenditures associated with recreational trips, and annual expenditures associated with operating and maintaining vehicles. The data and information on expenditures collected in the previous study was adjusted for inflation and used in combination with current data on the number of households that participate in motorized recreation in Colorado to estimate the total economic contribution of the sport to the State of Colorado. A summary of the analysis is provided here.

Households that Participate in Motorized Recreation in Colorado

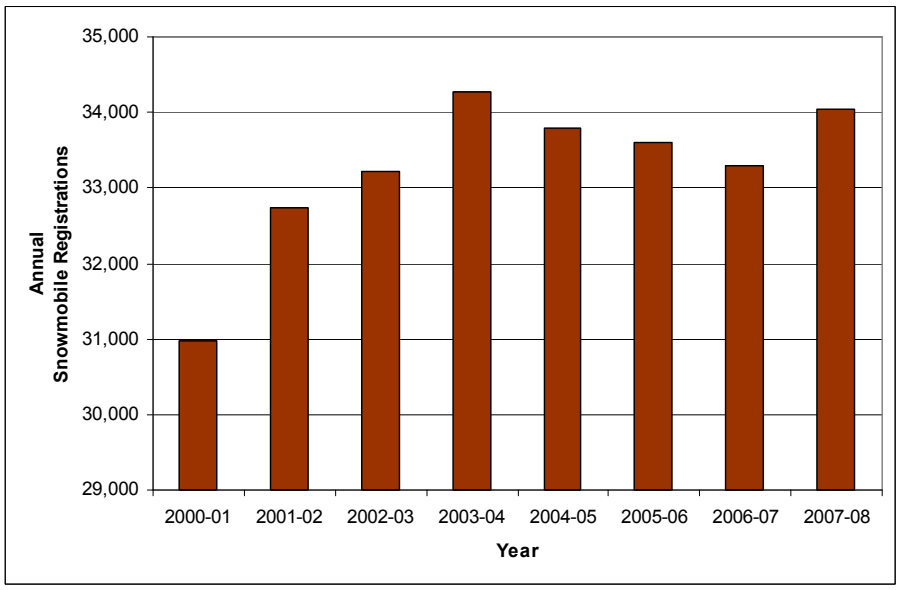
The number of households that participate in motorized recreation has steadily increased since 2000. The most significant increase has occurred for dirt bikes and all-terrain vehicles (ATVs). The Colorado Division of Parks and Outdoor Recreation (DPOR) requires annual registration of off-highway vehicles (OHVs) which it defines as two-wheel, three-wheel and four-wheel vehicles. These vehicles typically are not licensed, and are primarily used on trails, routes, and forest roads. Registrations for OHVs have increased by 145 percent between the 2000-01 season[1] and the 2007-08 season. DPOR also requires annual registration of snowmobiles and reported an increase of eight percent between the 2000-01 and 2007-08 seasons for this vehicle type.

[1] Annual registrations are valid from April 1st through March 31st.

ES–1. Annual Resident ATV and Dirt Bike Registrations in Colorado



ES-2. Annual Resident Snowmobile Registrations in Colorado



The number of registrations was used in part to estimate the number of resident and non-resident households that likely participated in motorized recreation in Colorado during the 2007-08 season. The analysis showed that over 180,000 resident households likely participated in some sort of motorized recreation in the 2007-08 season in Colorado and nearly 30,000 non-resident households traveled to Colorado to participate in motorized recreation.

ES-3. Estimated Number of Households that Participated in Motorized Recreation in Colorado During the 2007-08 Season

	Snowmobiles	ATVs	Dual Purpose or Dirt Bikes	4-Wheel Drives	Total Households
Colorado Residents	16,059	75,913	40,591	51,486	184,049
Out-of-State Residents	1,297	16,381	8,759	3500	29,937

Expenditures Made by OHV Enthusiasts

Motorized recreation enthusiasts contribute to the State's economy by purchasing vehicles, making expenditures while on recreational activity trips (day and overnight), spending money to operate and maintain vehicles, purchasing other accessories needed while riding (clothes, safety equipment), and making other expenditures for items that support their activities (food and fuel, etc.). The analysis showed that in the 2007-08 season, motorized recreation enthusiasts spent $784 million related to this activity in Colorado.

Direct Labor, Income, and Tax Contributions

The economic contribution made by motorized recreation enthusiasts support businesses throughout the State. Tourism and recreation is a significant industry in Colorado in terms of the number of jobs created by businesses that support these activities and the income earned by those employed in these businesses. These businesses range from small "mom and pop" operations in rural areas to medium and large firms located both within and outside the State.

The $784 million in gross sales resulting from motorized recreation generated over 10,000 direct jobs and $294 million in labor income during the 2007-08 season. Other components of gross sales are other property type income (e.g. rents on property) and indirect business taxes (e.g. excise taxes, property taxes, fees, licensing, sales taxes paid by businesses) which were $76 million and $91 million, respectively.

ES-4. Direct Economic Impact of Motorized Recreation in Colorado during the 2007-08 Season

Total Direct Gross Sales	$783,867,205
Components of Gross Sales[a]	
Jobs	10,009
Labor Income	$294,626,608
Other Property Type Income	$75,603,037
Indirect Business Taxes	$90,913,882

[a] Note: Figures for labor income, other property type income, and indirect business taxes are components of gross sales and thus cannot be added together. Adding all dollar figures in this table would constitute double counting of economic contribution.

Additional Economic Activity

The direct expenditures made by motorized recreation enthusiasts have an additional effect by generating indirect and induced (downstream) economic activity (often known as multiplier effects). The downstream economic effects of motorized recreation that come from the initial expenditures made by motorized recreation enthusiasts, which are basically the spending of indirect businesses (those that support the direct businesses, e.g. laundry services for hotels) and households (employees that earn their living either in the direct or indirect businesses) resulted in $243 million in downstream gross sales, 2,039 additional jobs, and $76 million in additional labor income. Also, over $54 million in other property type income and $17 million in indirect business taxes were generated.

ES-5. Additional Economic Activity Results from Motorized Recreation in Colorado during 2007-08

Indirect and Induced (Downstream) Gross Sales	$243,447,823
Components of Gross Sales[a]	
Jobs	2,039
Labor Income	$75,952,710
Other Property Type Income	$53,969,538
Indirect Business Taxes	$16,659,682

[a] Note: Figures for labor income, other property type income, and indirect business taxes are components of gross sales and thus cannot be added together. Adding all dollar figures in this table would constitute double counting of economic contribution.

Total Economic Contribution

The total economic contribution of motorized recreation for the 2007-08 season can be described as follows. Motorized recreation enthusiasts were estimated to have generated over $784 million in total direct gross sales for motorized recreation throughout the year. This direct spending generated an additional $243 million in downstream gross sales due to additional economic activity, or **$1,027 million in total gross sales**.

The economic contribution can be further described by evaluating the components of total gross sales. For instance, motorized recreation in Colorado is directly or indirectly responsible for over 12,000 jobs and $370 million in labor income. Total gross sales also include $129 million on Other Property Type Income and $107 million in Indirect Business Taxes.

The economic contribution was broken down by OHVs (all-terrain vehicles [ATVs], Dual Sport/dirt bikes, four-wheel drive vehicles [4-WDs]) and Snowmobiles. According to gross sales, OHVs contribute 89 percent of economic contribution while snowmobiles contribute 11 percent.

ES.6 Total Economic Contribution of Motorized Recreation in Colorado during the 2007-08 Season (Direct, Indirect, and Induced)

Economic Contribution Category	OHVs	Snowmobiles	Total Economic Contribution
Total Gross Sales	$914,310,440	$113,004,662	**$1,027,315,108**
Components of Gross Sales[a]			
Jobs	10,838	1,210	12,048
Labor Income	$329,386,161	$41,193,157	$370,579,318
Other Property Type Income	$116,431,479	$13,141,096	$129,572,575
Indirect Business Taxes	$93,981,967	$11,894,459	$107,573,564

[a] Note: Figures for labor income, other property type income, and indirect business taxes are components of gross sales and thus cannot be added together. Adding all dollar figures in this table would constitute double counting of economic contribution.

Regional Analysis

An additional analysis was completed as part of this study which examined the economic contribution of motorized recreation in different regions of the State. This included one of six regions as summarized below. The percentage of households that indicated they recreated in each region was applied to the estimated number of day and overnight trips taken throughout the State.

Table ES.7 Regions in Colorado Used to Estimate Motorized Recreational Use

Region	Counties
Northwest	Garfield, Moffat, Rio Blanco, and Routt
Southwest	Mesa, Montezuma, Montrose, La Plata, Ouray, San Juan, and San Miguel
South-Central	Hinsdale, Saguache, Custer, Fremont, Huerfano, Costilla, Mineral, Alamosa, Conejos, and Archuleta
Central	Eagle, Summit, Park, Gunnison, Lake Pitkin, Chafee, and Teller
North-Central	Gilpin, Clear, Grand, and Jackson
Eastern Colorado	Adams, Arapahoe, Bent, Boulder, Crowley, Denver, Douglas, El Paso, Elbert, Jefferson, Kiowa, Kit, Larimer, Las Animas, Lincoln, Logan, Morgan, Otero, Prowers, Pueblo, Sedgwick, Washington, Weld, and Yuma

The economic contribution of motorized recreation for each region is summarized below. The region receiving the largest economic contribution from motorized recreation during the 2007-08 season was central Colorado. This region was followed in importance by Central and Southwest regions.

Table ES. 8 Estimated Economic Contribution of Motorized Recreation by Region in Colorado for the 2007-2008 Season

Contribution	Region						Total
Direct Impact	**NW CO**	**SW CO**	**SC CO**	**CTRL CO**	**NC CO**	**EAST CO**	
Direct Sales	$38,810,143	$102,241,835	$106,446,201	$166,351,176	$64,915,703	$13,168,439	$491,933,497
Number of Jobs	514	1,633	1,893	2,251	1,016	214	7,521
Labor Income	$15,726,777	$40,726,942	$41,735,574	$68,455,305	$26,333,285	$5,356,344	$198,334,227
Other Property Type Income	$5,046,453	$13,111,387	$13,418,481	$22,151,341	$8,773,845	$1,548,574	$64,050,081
Indirect Business Taxes	$4,911,339	$12,917,639	$13,345,299	$21,416,795	$8,221,015	$1,646,630	$62,458,717
Other Economic Activity							
Indirect and Induced Sales	$17,260,416	$56,622,012	$44,934,282	$66,465,472	$19,147,200	$8,620,352	$213,049,734
Number of Jobs	139	480	447	526	161	64	1,817
Labor Income	$5,409,525	$17,694,877	$13,687,619	$22,054,622	$5,501,753	$2,907,955	$67,256,351
Other Property Type Income	$3,829,771	$11,383,096	$9,581,338	$14,775,035	$4,845,064	$1,629,877	$46,044,181
Indirect Business Taxes	$1,117,435	$3,231,585	$2,661,491	$5,795,603	$1,386,959	$474,223	$14,667,296

[a] Note: Figures for labor income, other property type income, and indirect business taxes are components of gross sales and thus cannot be added together. Adding all dollar figures in this table would constitute double counting of economic contribution.