

Executive Summary

First scientific quantification of Boundary Waters Wilderness regional economic impacts finds....

Out-of-region Boundary Waters Wilderness visitor spending in Summer 2016 created nearly 1,000 full and part-time jobs in St. Louis, Lake and Cook Counties in northern Minnesota.

These visitors spent nearly \$57 million in the three counties surrounding the BWCAW, generating \$77 million in economic output.

Outdoor recreation is an export industry for northeastern Minnesota, providing for stable employment and sustainable jobs year after year.

Background: The Boundary Waters Canoe Area Wilderness (BWCAW) in northeastern Minnesota is more than a million acres of connected lakes and rivers. This protected area is a refuge for wolves, moose, migrating warblers, loons, and myriad plants. Because of the beauty and the numerous recreational opportunities in the BWCAW, it is one of the most heavily visited Wilderness areas in the U.S. with an estimated 150,000 visitors in 2015. Most of these visitors come from outside the surrounding counties and have a tremendous economic impact on BWCAW gateway communities.

Towns adjacent to the BWCAW, such as Ely, Tofte, and Grand Marais specialize in providing services to outdoor recreationists and tourists. Many outfitters help prepare visitors for their BWCAW trip by providing canoes, guides, food, lodging, fishing equipment, and/or transportation. These BWCAW gateway communities have evolved with Boundary Waters tourism and now see a large portion of their regional economic activity dependent on expenditures from outdoor recreationists.



Clear Lake, Boundary Waters Canoe Area Wilderness

To date, there has been no quantification of the economic impacts of BWCAW tourism and economic estimates could be very helpful in regional economic development policy. Thus, this study is the first estimate of BWCAW regional economic impacts and represents the first impact analysis of a U.S. Wilderness area in two decades.

Methods: To discover how much BWCAW tourism affects these gateway communities, we conducted a regional economic impact analysis. Our primary methods:

- Data collection consisted of surveying 2016 summer season BWCAW visitors.
- Surveys were distributed by outfitters to permit holders.
- Visitors were asked to record their regional expenditures in Cook, Lake, and St. Louis Counties in northeastern Minnesota for 16 categories of spending.
- Expenditure averages for sampled BWCAW visitors were extrapolated to 2015 visitation data and entered into IMPLAN impact analysis software.
- Regional economic impact analysis was conducted in order to determine direct, indirect, and induced effects for regional output, employment, labor income, value added, and taxes.
- Multiplier effects were calculated and the sustainability and tradeoffs associated with BWCAW tourism were examined.



Canoeing and camping are primary activities in the Boundary Waters Canoe Area Wilderness.

Results:

- The final analysis evaluated 513 completed surveys, with an overall survey response rate of 40%.
- Approximately \$57 million of regional expenditures were estimated for 2016 summer season BWCAW visitors and entered into IMPLAN under 12 SIC industrial sectors.
- BWCAW visitation directly spurs 635 full-time equivalents (FTEs) jobs in the surrounding gateway communities. Including indirect and induced effects, 817 FTE jobs are generated by BWCAW tourism.
- BWCAW visitation generated \$50 million of direct regional output, and \$77 million of total regional output (includes indirect and induced output). Total effects are shown below in Table E1.
- Visitors come from all over, but especially from nearby Wisconsin, Illinois, Michigan, and the Twin Cities of Minneapolis and St. Paul, Minnesota.

Table E1: Total Annual Effects of BWCAW Visitor Expenditures (\$2014)

Impact Type	Employment*	Labor Income (Millions)	Total Value Added** (Millions)	Output (Millions)
Direct Effect	772.7	\$16.63	\$27.15	\$49.70
Indirect Effect	101.1	\$4.02	\$6.33	\$13.68
Induced Effect	110.7	\$4.42	\$7.55	\$13.84
Total Effect	984.5	\$25.06	\$41.03	\$77.23

Source: IMPLAN3, Northeast Minnesota Region 2014, Type SAM Multipliers

*Employment includes full and part time jobs.

**Value added is the difference between an industry's total output and its intermediate inputs. It includes employee compensation, taxes, and surplus.

Conclusions:

- The BWCAW has a substantial economic impact on Cook, Lake, and St. Louis counties' regional economies.
- BWCAW tourism should be considered as an export industry, exporting its product to southern Minnesotans, and to people from around the U.S and the world.
- This study understates the total economic impact from BWCAW visitor spending. It does not include winter visitor spending or visitor spending from locals within the region.
- Regional economic impacts documented in this study are only a portion of all market impacts; we did not assess other market impacts related to the BWCAW like photography or art sales, amenity migration effects, or property value changes in proximity to the BWCAW.
- The BWCAW also generates many other economic values related to use and passive use values and ecosystem services, which are not captured in this study.
- Outdoor recreation provides for stable employment and is a sustainable over time due to limited associated environmental damage coming from this export industry.

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