

Where We Stand

Outdoor Industry Association's position on an excise tax on outdoor products November 2016

Outdoor recreation is uniquely part of our American heritage, and the outdoor industry has proven to be a powerful economic driver nationally and in communities across the United States. Our public lands and waters are the very foundation of this \$646 billion economic engine, yet lawmakers in Washington, D.C., have continually failed to adequately invest in this critical infrastructure, even as more Americans seek in the outdoors.

Outdoor Industry Association (OIA) recognizes the need to develop increased and sustained funding for recreation, conservation and land management and for investment in outdoor recreation infrastructure to support healthy communities and healthy economies. We, along with representatives from the conservation, sportsmen and recreation communities, have fought for this funding through federal appropriations, state legislatures, and support for local ballot initiatives that invest in local parks and trails. Our public lands and waters provide shared value and should be a shared cost. We are committed to continuing our leadership role on this issue and working with good-faith partners to find solutions.

Some argue that the outdoor industry is not paying a fair share of the investment needed for our land and water. They have proposed an industry-specific tax on outdoor products as a viable alternative to holding Washington or state legislatures accountable for adequate funding.

We disagree with that argument and oppose an excise tax on outdoor products.

We believe Congress must first meet its obligation to fund the land management agencies and fully fund the Land and Water Conservation Fund (LWCF) program, which is given only a small fraction of its authorized amount every year, with most of the funds in the LWCF trust diverted to government programs unrelated to public lands, conservation or outdoor recreation. This diversion is a broken promise to the American people. Before seeking other revenue sources, Congress should first keep its original commitment to assign dollars to the designated public lands programs as promised.

Proponents of an excise tax on outdoor products point to similar taxes on hunting and fishing products as a model. Though these taxes have generated substantial revenue that supports important conservation work, most of the hunting and fishing taxes, along with licensing fees, duck stamps, boat fuel taxes and other revenue generators, feed directly back into those specific activities by focusing the investments to species and habitat restoration, hunter safety courses and industry-specific research. This model does not work to shore-up the massive shortfalls of broader recreation and conservation funding. In reality, the outdoor industry is already paying significant taxes each year. Outdoor products generate about \$650 million from disproportionately high import taxes every year. In addition to paying substantial tariff revenue, the outdoor recreation industry also generates an additional \$40 billion in federal taxes every year (another \$40 billion in taxes is paid at the state and local level). This revenue is already available and can, and should be, reinvested in our public lands and waters.

A product-specific excise tax is also discriminatory and financially burdensome to lower income individuals and working families and would be nearly impossible to fairly apply it to outdoor products alone. It should not be left to the federal government or state policymakers to arbitrarily decide whether a backpack is used for hiking a trail or for a student to carry schoolbooks, or whether a fleece sweater is for warmth during a visit to a state park or casual dress for a social night out on the town.

In fact, most outdoor companies are small businesses that would face a logistical nightmare in trying to apply an excise tax. For most outdoor apparel and footwear, there is simply no way to equitably discern what is purchased for outdoor use and what is not. Even if it was possible, however, a tax of even a few percentage points would threaten the viability of many specialty retailers.

Further, proposals to add more taxes specifically on outdoor products is counter to our goal of making these products more affordable and more accessible to a broader and more diverse consumer. Any cost increases will be paid by consumers at retail, putting some products out of reach. Ultimately, an excise tax adds another obstacle to getting more people to pursue healthy and active lifestyles through outdoor recreation and making sure they have the performance products they need in that pursuit.

Across the United States, outdoor businesses are a growing economic force, from small manufacturers or local retailers to guides, outfitters and other service providers who drive the recreation economy and give back to their local communities. But it is not just the outdoor industry itself that is bringing this change; employers, from tech firms and health care providers to craft brewers and restaurateurs, are increasingly seeking to locate in cities and towns that have a thriving outdoor lifestyle. We must make sure that our elected leaders understand that an investment in and access to public land and water is an investment in a strong outdoor industry and, in turn, an investment in the diverse and sustainable economy of tomorrow.

New outdoor product-specific taxes not only put the outdoor industry at risk, but also threaten the potential prosperity it can provide nationally, and in local communities across the country.