

How should we pay for parks and outdoor recreation services?

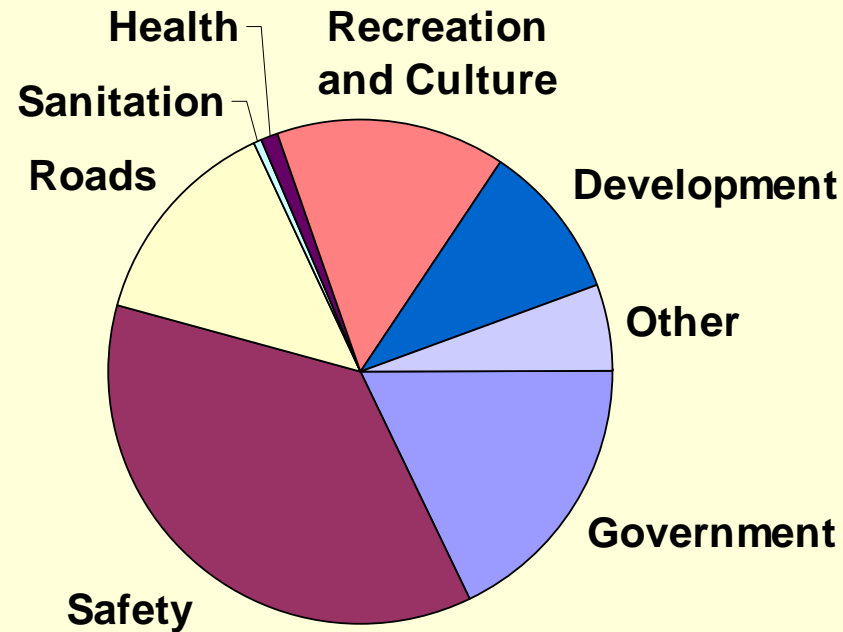
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The only picture you'll get from me



And it's not like government is stinting: Minnesota city government spending, 2005



What's your beef?

- We don't get enough money to do what we're supposed to do
- We don't get enough money to do what we want to do
- People want us to do the wrong things

Recreation “services”: Not everybody wants everything

- Team sports (softball vs. soccer)
- Picnics and swing-sets
- Trails (walk, hike, ski, horse, ATV)
- Camping
- Hunting and fishing

Funding needs vary by purpose

- Acquisition
- Operation
- Maintenance
- Improvement

Funding sources

- Taxes: community pays
- Intergovernmental aids: upstream government pays
- Fees: user pays
- Grants: somebody else pays

Justifications for public support

- Parks as Medicine
- Bread and Circuses
- Public Goods

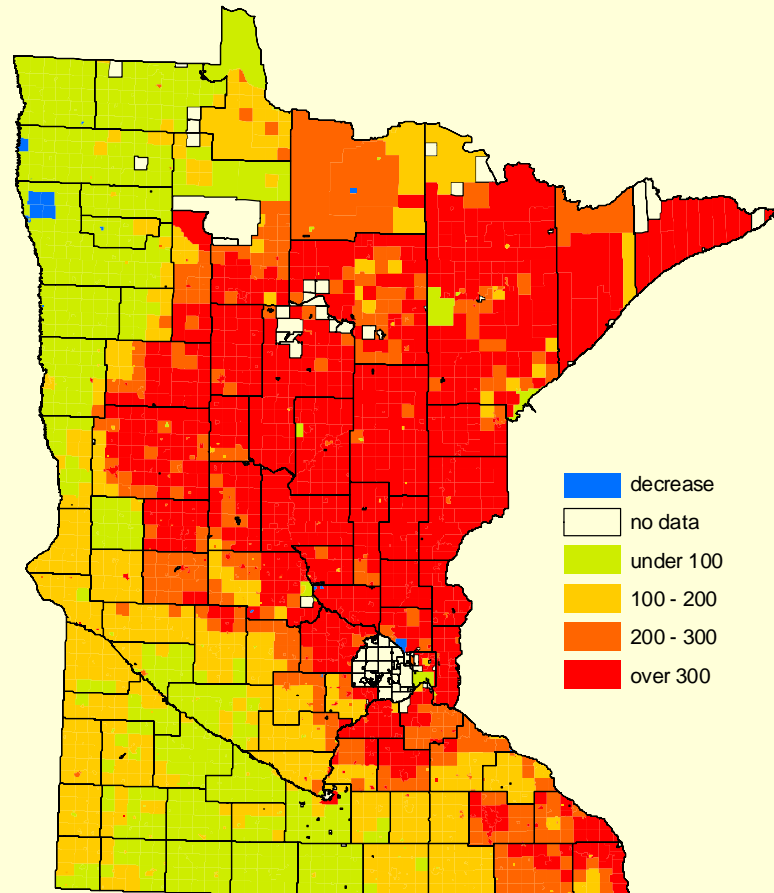
Trends and issues

- The economy is not thriving for most people
- The political will to tax is not high
- Lots of enthusiasm for privatization
- Direct competition from private sector

Trends and issues (cont.)

- What's the matter with kids today! Demand isn't what it used to be
 - Level
 - Characteristics
- No net loss of private land movement
- Laws are too rigid (especially appraisal)

Still, lots of new tax base: Change in rural land values, 1994-2005



And lots of outdoor recreation spending

Natural resources, recreation & the economy

Minnesota's natural resource dependent industries and their importance to Minnesota's economy

Industry	Contribution to gross state product* (2000)	Percent of gross state product
Forest products	4,386,000,000	2.4%
Minerals & mining	\$2,218,000,000	1.2%
Outdoor recreation	\$4,250,000,000	2.3%
Total	\$10,854,000,000	5.9%

*Gross State Product (GSP) can be thought of as the state's total income or total value added. GSP is made up of employee compensation, proprietor's income, indirect business taxes, and capital charges.

Source: Lines 1 & 2: U.S. Department of Commerce, Bureau of Economic Analysis; Line 3 Van Pelt and Kelly. 1988. Significance of Outdoor Recreation Expenditures to the State and Regional Economies in Minnesota. DNR, Office of Planning.

What's the portion of Minnesotans over 15 years of age who use the out-of-doors in a given year?

In a given year:

- 35% of Minnesotans fish.
- 15% of Minnesotans hunt.
- 33% of Minnesotans visit a Minnesota state park.
- 54% of Minnesotans watch wildlife.
- 13% of Minnesotans go over a mile from home to watch wildlife.
- 52% of Minnesotans watch wildlife within a mile of home.

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The new (and old) dynamic

- Changing economy and demographics lead to...
- ...different demands for and potential supply of recreation services, which result in...
- ...an institutional mismatch between what people want and what government provides

How should agencies adapt if budgets don't meet expectations?

- Lower costs
- Raise revenues

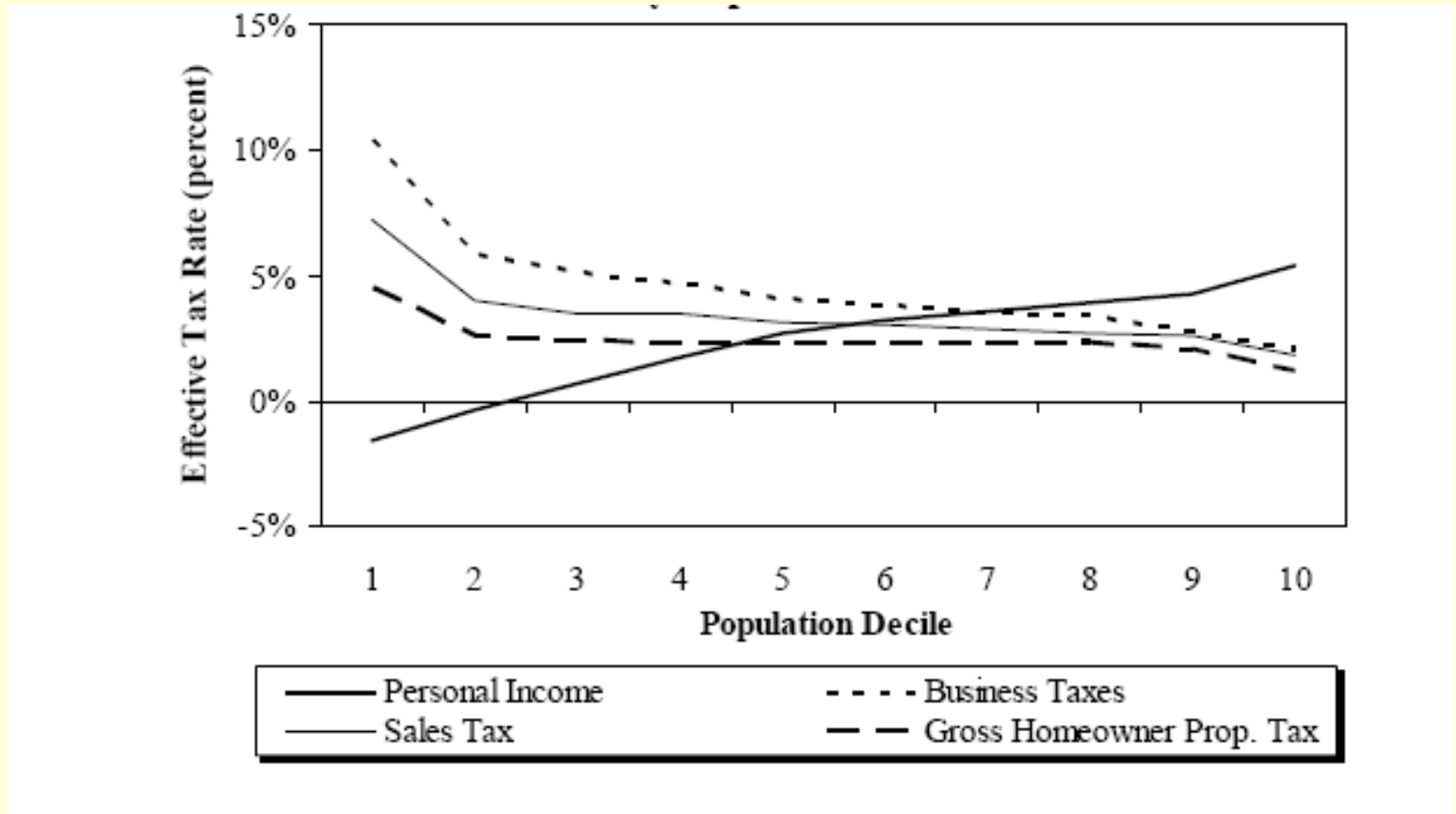
Lower costs

- Divest assets
- Do the same; spend less
 - Lay off people; reduce quality
- Do less; spend less
 - Drop low-demand activities
 - Stop mowing (defer maintenance)

Traditional revenue enhancement

- Raise fees (and enforcement)
- Organize interest groups to lobby
- Threaten to drop football (or close campgrounds)
- Raise taxes

Raise whose taxes?



Dedicated funds are always popular— at least with agencies

- Income tax check-off
- Lottery skim
- Sales tax skim?
- Smoking tax (health impact fee)?
- Land-use “givings” fund?

Possible revenue enhancement

- Take the money from other recreation programs
- Tie to local enterprise fund (liquor, sewer, roads)?
- Get health insurance companies to kick in?

Questions I can't answer

- If the impact is largely local, why should non-local governments pay anything?
- Should we provide services nobody directly asks for?
- Should we provide services that primarily impact adjacent landowners?

More questions I can't answer

- Should we provide services that are demanded disproportionately by the middle-class?
- For whom is “stable funding” a Good Thing?

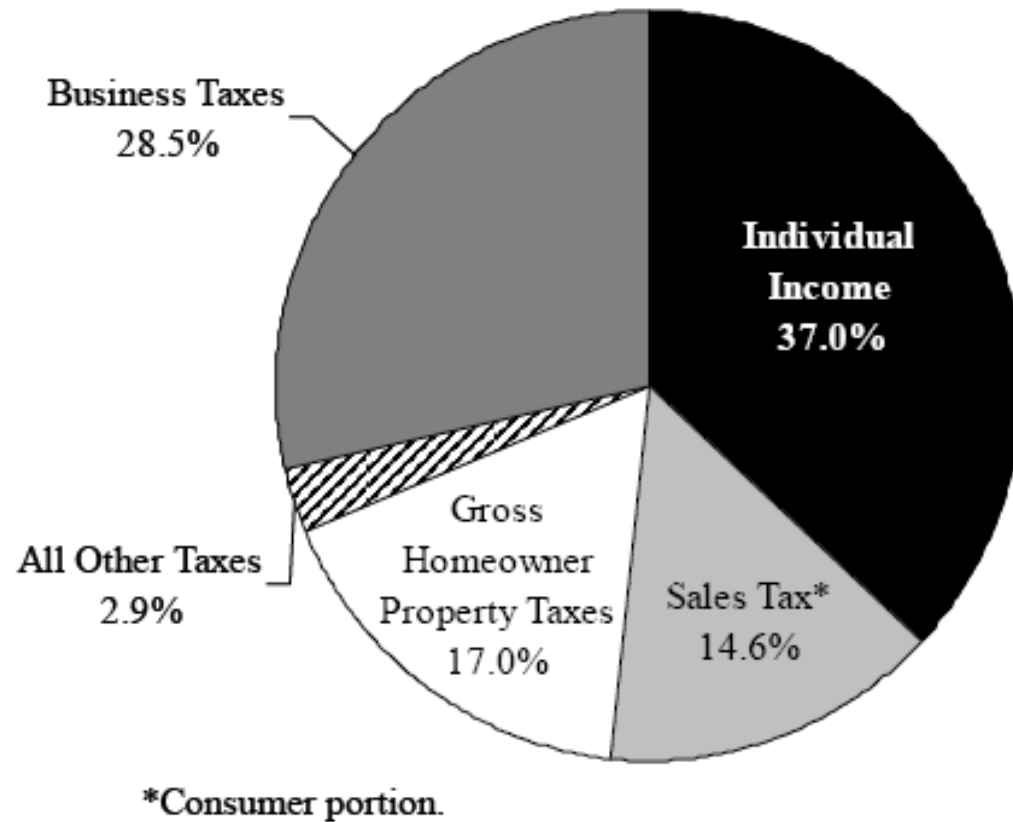
I can't answer this one, either:
Which goal should drive the system?

- How are we going to pay for what we want to do?
- OR
- What should we do with money we're going to get?

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Raise revenues by raising taxes?



Use private lands to provide public services?

- Zoning
- Tax incentives
- Easements