

Economic Impact of Maryland Boating in 2009

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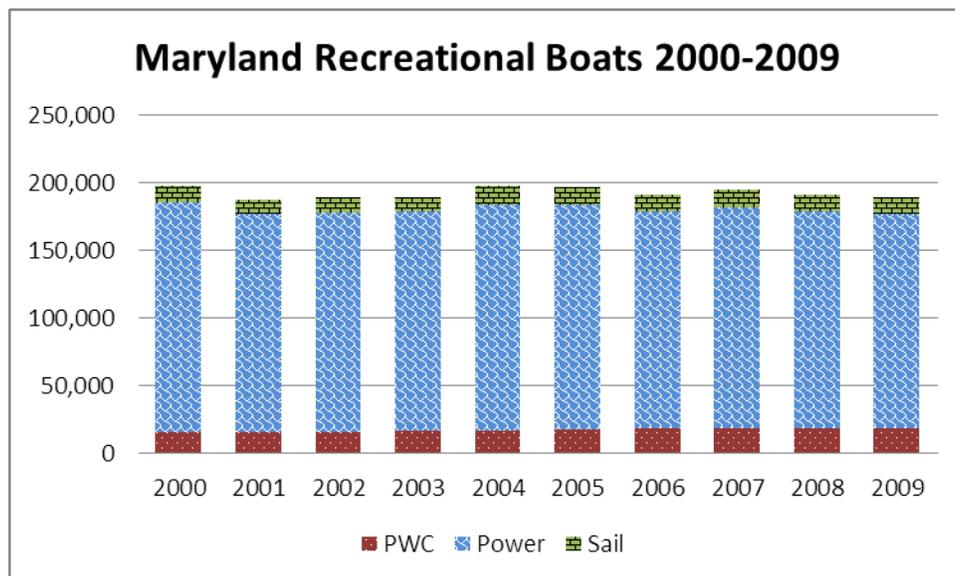
The University of Maryland's Sea Grant Extension Program and Department of Agricultural and Resource Economics has developed an economic impact model of the Maryland recreational boating industry using survey data from 1993 and 2000. The model was designed to be updated annually by obtaining new information from Maryland DNR on boat registrations by various size categories for powerboats and sailboats, and depending on whether the boats are trailered or kept in the water. The complete methodology and data analysis is available from the author.

Note About Adjustment to Methodology Implemented for 2009 Data

Due to the expense, we have been unable to conduct a new expenditure survey since 2000. In order to adjust spending patterns to reflect more recent economic conditions, we are using detailed trip frequency data from the National Marine Fisheries Service's Marine Recreational Fisheries Statistics Survey to adjust the overall boater spending patterns. This implicitly assumes that the change in the number of fishing trips for marine recreational fishermen changes in the same proportion as overall boating usage. This is a reasonable assumption given that in an earlier survey we found that over 70% of Maryland boaters list recreational fishing as a major activity.

Number of Recreational Boats Declining

The number of either registered or documented for principal use in Maryland recreational vessels peaked in 2000 and has since declined 9.4% to 196,806 in 2009. Bucking the trend until recently was Personal watercraft (PWC) ownership which has increased at an average annual rate of over 1.7% since 2000, although ownership fell slightly in 2009. Powerboat ownership has declined 6.5% since 2000, and sailboat ownership has declined 4.8%



Part of the recent decline in numbers of boats has been a recent decrease in new boat sales as evidenced by the level of excise tax attainment as provided by Maryland DNR. Boat sales peaked in 2004 with a record tax attainment of \$30.5 million, but since then has fallen to \$16.7 million in taxes collected in 2009, a 45% decline.

Boater Spending Increases

Total nominal spending including new and brokered used boat purchases by Maryland's recreational boaters fell in 2009 to a level below spending in 2005. These figures include boaters who live out-of-state, but have their boats registered in Maryland. A small portion (5%) of the spending by out-of-state boaters occurs in the boater's home state and is not included in the impact analysis of boater spending on Maryland's economy.

	2005	2006	2007	2008	2009
Total Spending (\$1,000)	\$2,394,503	\$2,500,993	\$2,503,239	\$2,648,901	\$2,370,319
Spending in Maryland	\$2,261,910	\$2,362,122	\$2,361,530	\$2,497,560	\$2,227,829

The Impacts of Boater Spending

Depending on the spending category, for each dollar that is spent by Maryland registered boaters in Maryland, a certain percent "leaks" outside the state borders. The amount that remains in Maryland is used by the supporting industries to create jobs and income and goes towards purchases in other sectors of the economy. The results of the initial and additional rounds of spending are the total impacts.

	2005	2006	2007	2008	2009
Employment	27,754	31,755	32,164	34,463	32,229
Total Income (\$1,000)	\$1,006,999	\$1,142,436	\$1,160,615	\$1,237,966	\$1,160,777
Total Output (\$1,000)	\$1,594,017	\$1,797,626	\$1,826,199	\$1,945,145	\$1,818,039

Boating remains an important component of the Maryland economy. Approximately, every 6 boats registered in Maryland leads to more than one full-time job somewhere in the state's economy and each boat contributes on average about \$9,230 a year in economic activity. In 2009 the Gross State Product for Maryland was \$287 billion (Bureau of Economic Analysis) with boating contributing \$1.8 billion.

The above figures do not include the spending of transient boaters, boaters that visit Maryland, but do not register their boats here. In 2005 we published a study based on transient boater spending in 2004. Adjusting those numbers for 2007, we estimate an additional impact on the Maryland economy of \$202 million and an additional 2,848 full time equivalent jobs from

transient spending. Thus, the total impact on the Maryland economy for 2007 is estimated to be about \$2.02 billion and 35,077 jobs.

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