



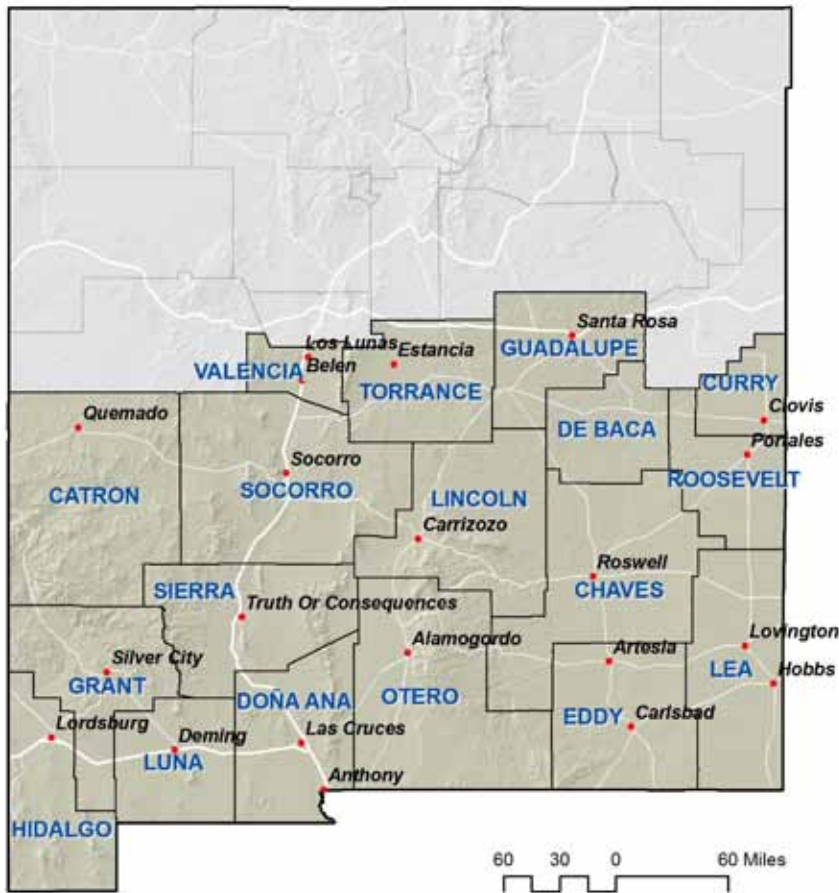
The Economic Benefits of Southern New Mexico's Natural Assets



FALL 2010

How Conservation and Restoration Can Improve the Region's
Quality of Life and Long-Term Economic Health

Southern New Mexico



SUMMARY

“Investments in conservation and restoration provide an immediate return through employment and revenue, and promote long-term economic growth and development that extends far beyond tourism.”

For further information such as a fact sheet, additional references, and socio-economic information concerning the economic benefits of southern New Mexico's natural assets, see: www.headwaterseconomics.org/NMnaturalassets.

Conservation and Restoration Promote Sustained Economic Growth

Conserving one of southern New Mexico's greatest assets, the region's enchanting natural areas, is a foundation for economic vibrancy. Tourism alone is the state's second largest industry, bringing more than \$5.7 billion to New Mexico annually.¹ A sustained effort to protect wildlife, increase outdoor recreation, and restore watersheds and forests provides direct benefits, including new jobs and revenue in local communities.

Investments in conservation and restoration not only provide an immediate return through employment and revenue, but also help promote long-term economic growth and development that extends far beyond tourism. In today's economy, the greatest value of southern New Mexico's natural amenities and recreation opportunities lies in their ability to attract and retain people, entrepreneurs, their businesses, and the growing number of retirees who locate for quality of life reasons.

Wildlife and Recreation Inject Billions into Southern New Mexico's Economy

Wildlife viewing is now estimated to be the single largest national recreation activity by the Outdoor Industry Foundation, with more than 66 million Americans participating.

New Mexico's fish, wildlife, and habitats annually contribute \$3.8 billion to the state's economy through hunting, fishing, and outdoor recreation. These activities sustain 47,000 jobs (more than farming and forestry combined) and generate more than \$184 million in yearly sales tax revenue.²

Locally, these economic benefits can be seen in the example of the Festival of the Cranes at the Bosque del Apache National Wildlife Refuge. The Festival contributes more than \$2.2 million to the region over its six days, with a large amount of this money staying in Socorro County.³ In Silver City, the lodger's tax collected more than \$265,000 in 2008.⁴

Restoration Activities Create Jobs, Attract Tourists, and Reduce Public Costs

Restoration activities also play an important economic role—creating immediate jobs for New Mexicans while protecting areas such as wetlands, stream banks, and forest slopes that provide critical habitat and enhance lands vital to quality wildlife viewing and outdoor recreation.

Healthy lands and watersheds create value through what scientists call “ecosystem benefits” such as flood control, purification of water, and carbon sequestration. Restoration activities often have multiple returns on investment, complimenting existing uses such as agriculture while also attracting tourists and reducing a town's water treatment costs.

Preserving the Region's High Quality of Life Attracts Businesses, Investment

Conserving southern New Mexico's scenery, wildlife, clean air, and clean water promotes long-term, sustainable economic growth that extends beyond tourism. With the increased mobility of today's businesses, entrepreneurs often decide to locate their companies in areas with a high quality of life, such as places rich in natural amenities. The same qualities that attract businesses also draw retirees and people with investment income.⁵



photo: Ken Stinnett



photo: Richard Gallegos, New Mexico State Land Office.



Recreation and Conservation Already Pay Large Dividends

Tourism and recreation play a substantial role in rural communities. A study by the Economic Research Service of the U.S. Department of Agriculture found that “recreation and tourism development contributes to rural well-being, increasing local employment, wage levels, and income, reducing poverty, and improving education and health.” Job earnings in rural recreation counties, for example, are \$2,000 more per worker than for those in other rural counties.⁶

Importance of Tourism, Recreation, and Wildlife Watching

New Mexico’s Department of Tourism reports that tourism is one of the state’s top industries, generating an estimated \$5.7 billion each year. Outdoor recreation alone generated \$2.75 billion in retail sales in 2006, more than wholesale trade or finance and insurance that same year.⁷

The impact of just one activity, bird watching, is significant for New Mexico, and the state ranks fifth nationally with 46 percent of its birders coming from outside its borders.⁸ In southern New Mexico efforts to create the Southwest Birding Trail and protect the Holloman Wetlands are building on the already internationally known Bosque del Apache National Wildlife Refuge. Each year, the Refuge alone brings in \$13.7 million from non-residents to the three counties of Socorro, Bernalillo, and Sierra; along with \$4.3 million in regional tax revenue.⁹

This is also true of other forms of outdoor recreation. In 2006 more than 84,000 non-resident fishermen spent 467,000 days fishing in New Mexico and contributed \$99 million to the state economy; while 32,000 non-resident hunters spent 167,000 days hunting in state, contributing \$63 million to the economy.¹⁰

Overall, the U.S. Fish and Wildlife Service notes nationally that “expenditures for wildlife watching are equivalent to

the revenues generated from all spectator sports, amusement parks and arcades, non-hotel casinos, bowling centers and skiing facilities combined.”¹¹

This recreation also helps bring in important local tax revenue. In 2008, for example, the lodgers tax collected more than \$1.8 million in Las Cruces, the region’s largest city; \$410,000 in Alamogordo; and \$78,000 in Belen.¹²

Making New Mexico’s Dollars Go Further

In the past several years New Mexico and local communities have invested more than \$30 million in land, water, and wildlife conservation and restoration programs. These funds, invested across the state, provide benefits to urban and rural communities alike. Most importantly, they help New Mexico stretch limited dollars by leveraging funds from programs like the Land and Water Conservation Fund and the Farm Bill.

Restoration’s Multiple Returns: Creating Jobs, Attracting Tourists, and Reducing Costs

Restoration activities that create healthy lands and watersheds often have multiple returns on investment, simultaneously creating jobs, attracting tourists, and providing valuable “ecosystem benefits” such as flood control, water purification, and carbon sequestration that can reduce a community’s costs or tax burden.



photo: Rob Hampson

The U.S. Department of Interior estimates that for restoration projects “every \$1 million invested creates an average of 30 jobs. Investments in recreation also have big pay-offs; every \$1 million invested creates about 22 jobs. These are largely private sector jobs.”¹³

Helping Existing Businesses Such as Ranching and Farming

Restoration not only improves wildlife habitat and recreation opportunities but also benefit existing industries such as agriculture and ranching. One recent study found, for example, that programs such as the Abo Arroyo watershed project to remove the noxious weed saltcedar in Torrance County increased bird abundance and variety while improving water quality

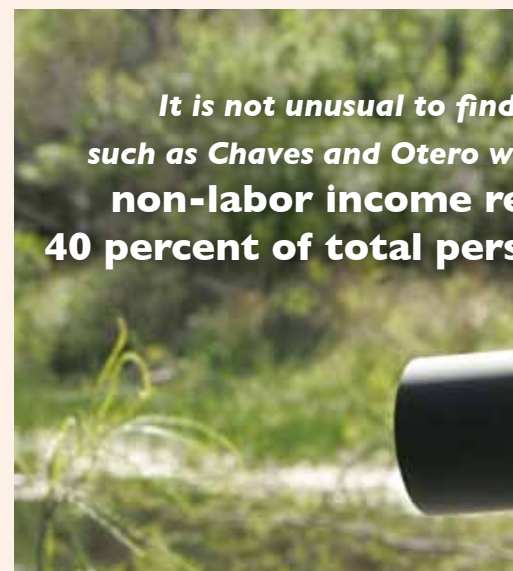


photo: USFWS

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“recreation and tourism development contributes to rural well-being, increasing local employment, wage levels, and income”

and management crucial to farms, ranches, and nearby communities.¹⁴

Other related efforts, such as the Conservation Reserve Program through the U.S. Department of Agriculture, provide funding and assistance to farmers and ranchers to protect their land, enhance habitat, reduce soil erosion, and limit sedimentation in streams and lakes—thereby improving natural values and recreation while allowing families to continue to work their land.¹⁵

Preserving the Region’s High Quality of Life Attracts Businesses, Investment, Long-Term Growth

In today’s economy, the bulk of the economic value of natural amenities and recreation opportunities lies in their ability to attract and retain people, businesses, and retirees who locate for quality of life reasons.¹⁶

Research published in the *American Journal of Agricultural Economics*, for example, has shown that, nationwide, protected natural amenities—such as pristine scenery and wildlife—help sustain property values and attract new investment.¹⁷

The Importance of Attracting Businesses, Investment, and Retirees

Two of the fastest growing sectors of the economy, people working in knowledge-based industries and retirees, often have a choice of where to live. Surveys consistently have identified natural amenities and recreation opportunities as key factors determining where entrepreneurs and retirees chose to locate.¹⁸

Since 1990, almost all net new jobs in the U.S. economy have been in services related sectors, a broad category that ranges from tourism-related jobs to high-wage occupations such as engineering, architecture, or software design. Many of

these are “footloose” businesses able to locate almost anywhere. Services sector employment today ranges from nearly 70 percent in Eddy and Grant counties to 84 percent in Dona Ana County and more than 90 percent in Guadalupe and Socorro counties.¹⁹

In addition, retirement and investment income is growing in importance, particularly as the baby boomer generation enters retirement age. Many of these new residents will bring wealth they accumulated elsewhere.

It is not unusual to find counties such as Chaves and Otero where non-labor income represented 40 percent of total personal income in 2008, or Valencia County where it grew by 60 percent in the last 20 years.

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Southern New Mexico:

Conservation and Economic Opportunity

Southern New Mexico Ranks High for Natural Amenities

Ratings by the Federal Reserve, Economic Research Service, and others show that every county in southern New Mexico ranked in the middle or top quarter for outdoor resources.²⁰ Straddling a major bird migration corridor, home to several national parks and monuments, and within easy drive of large metropolitan centers—southern New Mexico is well-positioned to attract recreation and other businesses.

The Region's Economy Has Changed

Like the rest of the West, the economy of southern New Mexico has evolved significantly over recent decades. Alongside traditional industries such as agriculture, mining, energy, manufacturing, forest products, and construction, the region has developed a services economy. As a result of this new economic diversity, the region generally is doing well economically with lower unemployment rates in the current recession (Luna County is an exception) and is more resilient than in the past.

In terms of job creation, services related industries—made up of a mix of high and low skill occupations—now are more than half of all jobs and are the fastest growing portion of southern New Mexico's economy. From 2001 to 2008, for example, employment in services related industries grew by 23 percent, and in 2008 they represented 56 percent of all jobs. Over the same 2001-2008 time period, personal income from services related industries grew, in real terms, by 35 percent, and in 2008 made up 43 percent of all labor earnings.

As the economy has shifted, average earnings and per capita income in the region have grown as well. This increase is partly due to growing sources of non-labor income, a mix of investment income and government transfer payments, which totaled nearly \$8 billion for the region in 2008, representing 37 percent of all personal income in southern New Mexico that year.

Industries that include travel and tourism are growing, increasing to nearly 30 percent of total employment in 2008.²¹ These employment numbers in southern New Mexico counties span from nearly 50 percent in Guadalupe County to 15 percent in Lea County.

Recent population growth in southern New Mexico has come mainly from natural gains (births minus deaths), not migration. Efforts to increase birding, recreation, and other forms of tourism that stimulate new in-migration (“visit and stay”) could attract people and new business as has been seen elsewhere in the West in places such as Bend, Oregon and Coeur d’Alene, Idaho.

Capturing Investment and Retirees Is a Major Economic Opportunity

The aging of the population in the region, as elsewhere in the West, also represents a tremendous economic opportunity. With non-labor sources of income already 37 cents of every dollar in personal income in the region and growing in importance, communities that retain and attract seniors will benefit.

For example, age-related transfer payments (Medicare, and Retirement and Disability Insurance Payments) range from a high in Sierra County (23 percent of total personal income in 2008) to a low in Lea County (8 percent). Investment income (dividends, interest, and rent) ranges from a high in Lincoln County (26 percent of total personal income in 2008) to a low in Torrance County (10 percent).



Conservation and Restoration: Maximizing Benefits for Southern New Mexico

New Mexico has made strong efforts to promote restoration and conservation. The popular River Ecosystem Restoration Initiative has provided nearly \$7 million in matching funds to 40 projects statewide. The state also recently appropriated \$5 million for protective easements on priority habitat and agricultural lands, which is in addition to the \$8.5 million spent between 2005 and 2010 for conservation projects on nearly 50,000 acres.

That said, neighboring states are pursuing conservation and related economic benefits even more aggressively. Colorado, for example, has dedicated more than \$2 billion in lottery funds since 1982 to conservation, parks, and wildlife.²² At the local level, New Mexico communities consistently have supported conservation bonds, and the state may be missing an important opportunity to leverage New Mexican funding with matching federal dollars.

Southern New Mexico has many advantages in natural beauty and amenities compared to other regions, but the potential loss of more wetlands, habitat, and recreation opportunities could harm the area's future economic growth, diversity, and vitality. By comparison, targeted investments in conservation and restoration will yield a wide variety of future dividends that protect southern New Mexico's environmental assets, create jobs and revenue, improve its quality of life, and attract new businesses to the region.



photo: Ken Stinnett

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Artwork by Elrain Garcia



END NOTES

- 1 New Mexico Department of Tourism. For a detailed list of references consulted in writing this report, please see: www.headwaterseconomics.org/NMnaturalassets.
- 2 The habitat employment and taxation statistics from this paragraph all come from Outdoor Industry Foundation. (2006). "The Active Outdoor Recreation Economy: A \$730 Billion Annual Contribution to the U.S. Economy." The farm and forestry information comes from the U.S. Department of Commerce. 2010. Bureau of Economic Analysis, Regional Economic Information System, Washington, D.C.
- 3 U.S. Fish and Wildlife Service (2004). "Banking on Nature 2004: The Economic Benefits to Local Communities of National Wildlife Refuge Visitation." Washington, D.C. Visitor recreation expenditures in the counties of Socorro, Bernalillo, and Sierra totaled \$13.9 million of which \$13.7 million came from non-residents resulting from visits to the Bosque del Apache National Wildlife Refuge. The total tax revenue generated by Refuge recreation visits was \$4.3 million for the region. Local economic effects associated with recreational visits to the Refuge totaled more \$20.3 in the local counties. See also: Kerlinger, P. (1994). "The Economic Impact of Birding and Ecotourism on the Bosque del Apache National Wildlife Refuge Area, New Mexico, 1993-1994."
- 4 State of New Mexico web page, specifically: <http://www.newmexico.org/departments/research/documents/NewMexicoLodgersTaxFY00-FY08.pdf>.
- 5 Lorah, P., R. Southwick, et al. (2003). "Environmental Protection, Population Change, and Economic Development in the Rural Western United States." *Population and Environment* 24(3): 255-272. McGranahan, D. A. (1999). "Natural Amenities Drive Rural Population Change." E. R. S. U.S. Department of Agriculture, Washington, D.C. Haas, W. H., W. J. Serow, et al. (2002). "The Baby Boom, Amenity Retirement Migration, and Retirement Communities: Will the Golden Age of Retirement Continue?" *Research on Aging* 24(1): 150-164.
- 6 The information for this paragraph comes from Reeder, R.J., D.M. Brown (2005). "Recreation, Tourism, and Rural Well-Being." Economic Research Service. U.S. Department of Agriculture. Washington, D.C.
- 7 University of New Mexico (2009), Bureau of Business and Economic Research, Albuquerque, New Mexico. Accessed at <http://bber.unm.edu/econ/st-gsp1.htm> on 8/16/10.
- 8 U.S. Fish and Wildlife Service (2006). "Birding in the United States: A Demographic and Economic Analysis." Washington, D.C.
- 9 See Footnote #3.
- 10 New Mexico Department of Tourism (2010, February). "New Mexico Tourism Department Quarterly Report." Santa Fe, New Mexico. CRC & Associates, Southwest Planning & Marketing (2009). "2009 In-State Study." Prepared for New Mexico Tourism Department, Santa Fe, New Mexico.
- 11 U.S. Fish and Wildlife Service (2006). "Wildlife Watching in the U.S.: The Economic Impacts on National and State Economies in 2006." Washington, D.C.
- 12 See Footnote #4, Lodgers Tax.
- 13 U.S. Department of the Interior (2009). "Economic Impact of the Department of Interior's Programs and Activities." Washington, D.C.
- 14 For more information, see the Natural Resource Conservation Service's web page that details programs in New Mexico: www.nm.nrcs.usda.gov.
- 15 Ibid.
- 16 See Footnote #5 and the full References for academic literature on this issue.
- 17 Deller, S. C., T.-H. Tsai, et al. (2001). "The Role of Amenities and Quality of Life in Rural Economic Growth." *American Journal of Agricultural Economics* 83(2): 352-365.
- 18 Johnson, J. D., R. Rasker, et al. (1995). "The Role of Economic and Quality of Life Values in Rural Business Location." *Journal of Rural Studies* 11(4): 405-416.
- 19 The specific information on southern New Mexico counties throughout the brochure—services sector, non-labor income, etc.—comes from the U.S. Department of Commerce. 2010. Bureau of Economic Analysis, Regional Economic Information System, Washington, D.C.
- 20 McGranahan, D.A., et al. (2010). "The Rural Growth Trifecta: Outdoor Amenities, Creative Class and Entrepreneurial Context." *Journal of Economic Geography* pp 1-29.
- 21 There is no single measurement that accurately encompasses direct travel and tourism activities.
- 22 Colorado Lottery, <http://www.coloradolottery.com/index.cfm/ID/70/Proceeds-by-County/>. Accessed 8/13/10.



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