

Travel and Tourism: A Small Business Angle
House Small Business Committee
Subcommittee on Economic Growth, Tax, and Capital Access
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Outdoor Industry Association Board Member

Congressman Dave Brat, Chair, Subcommittee on Economic Growth, Tax, and Capital Access
Congressman Dwight Evans, Ranking Member, Small Business Subcommittee on Economic Growth, Tax, and Capital Access

Chairman Brat, Ranking Member Evans, and members of the committee, thank you for having me here today and for your interest in the small business angle of travel and tourism.

I am here proudly representing a small business that is based in the great state of New Hampshire and that is dedicated to and supported by America's unique and unwavering spirit of adventure, travel, and tourism.

My story begins on a 6,288' glacier-carved chunk of granite, just a short distance from a sign that reads "Home to the Worst Weather on Earth." I was 25 years old and a senior at the Rhode Island School of Design, studying industrial design. I was also working part-time at MIT, funded by the NASA Institute for Advanced Concepts, helping to develop a better spacesuit for human exploration of Mars. This particular Friday night in 2002, I was undertaking research, so to speak, for my senior project at RISD which was to start an outdoor gear company, a company focused on making better equipment for adventures like this one.

It was late winter and the weather on Mt. Washington was characteristically brutal. My plan was to ice climb Pinnacle Gully the next day and I wanted to spend the night near the base of the climb, about halfway up the mountain, for an early start. But the weather turned ugly and I didn't make it far before I was forced to bivvy. A bivvy is a limp, waterproof bag designed to let you place your sleeping bag directly in the snow and keep it dry. It's an expedient solution, but a miserable experience. I spent all night trying to keep the wind and snow out of the bag while not suffocating inside, which is to say I laid awake all night thinking about what a terrible piece of industrial design bivvy bags are and how there must be a better solution.

The next day, my friend and I completed the ice climb and I headed straight back to my studio at RISD to start working on a better lightweight shelter. Soon after, in April of 2002, I incorporated my new company, NEMO Equipment. The name, originally conceived as New England Mountain Outfitters, is a tribute to my New England roots and also a nod to a great adventurer and engineer: Jules Verne's, Captain Nemo.

Design is central to the NEMO ethos, and we are committed to new ideas that improve the experience of adventure and allow for travel to some of the most remote and extreme places in America and around the world. Our ideas for new products, therefore, begin with having real adventures—getting outside, getting dirty, climbing high, traveling far, and sleeping outside as

much as we possibly can. These ideas turn into sketches back at our office in Dover—and quickly into prototypes that are put through the toughest tests to make sure they perform flawlessly. Our aim is to propel our customers' explorations, near and far, big and small.

Today, NEMO has grown to a well-known, award-winning international brand of gear for outdoor adventures. NEMO products are sold in 19 countries around the world, with significant market share in the U.S., Japan, South Korea, and a growing presence in Europe. We own more than 50 pending and awarded patents and trademarks. We've been featured on the Discovery Channel, named by Time magazine as among the best inventions of the year, and received multiple international awards for product design. Our products are used by families for camping weekends, professional mountaineers attempting first ascents, and by the top echelon of American Special Operations Forces.

For 16 years, as our team has grown to 23 people at our headquarters, and surpassed 25 million in revenue, we continue to live out the belief that intelligently designed gear enables the adventures that lets us be our best selves—humans who are conscious, inspired, connected, and mindful. Whether it's rock climbing, casual camping, hunting or fishing, adventure gives us purpose and perspective. It makes us humble and proud. We believe meaningful adventures are possible for everyone, anywhere. Possible, that is, if you bring the will, the imagination, and the right gear.

And we're not alone in this belief. We share our deep conviction for outdoor adventure with our peers in the outdoor industry.

I am very proud to be here also as a board member of Outdoor Industry Association (OIA). OIA is the leading trade group for the outdoor industry. OIA represents more than 1,300 member companies, including manufacturers, suppliers, retailers, guides, and outfitters.

The outdoor industry represents a recreation economy that is \$887 billion in annual consumer spending with 79 percent of that spending from trips, travel, and tourism. The outdoor recreation economy also supports 7.6 million American jobs. We generate \$125 billion in local, state, and federal tax revenue. And, according to a recent study by the U.S. Bureau of Economic Analysis (BEA), the outdoor industry represents 2 percent of the United States Gross Domestic Product (GDP).

Outdoor recreation is BIG business. According to this same government report, outdoor recreation is bigger than legal services (1.3 percent of GDP); agriculture, which includes farming and forestry (1 percent of GDP); and the extraction industry, which includes mining, oil and gas (1.4 percent of GDP). Therefore, if you want to grow the U.S. economy, Congress needs to take a look at the burgeoning outdoor recreation sector. The BEA study also demonstrates that the outdoor recreation economy is growing faster than the U.S. economy as a whole (outdoor is growing at 3.8 percent, with the overall economy growing at 2.8 percent).

The outdoor industry includes big names like REI, The North Face, Cabela's, Patagonia, Coleman, and Columbia that were, not so long ago, small businesses like NEMO. In fact, the majority of OIA's member companies are small start-up brands, one-door brick-and-mortar

shops, or family-owned guiding operations. But here's what's unique: our diverse and varied members are truly committed to working collaboratively and pre-competitively on international trade and recreation policy, sustainable business innovation, and encouraging more outdoor participation across the nation. We have diverse backgrounds, interests, points-of-view, and political persuasions, but we come together around a shared love of the outdoors and a pragmatic desire to ensure the long-term health of our industry and the outdoor places that make our lifestyles possible. We do this not only to ensure the strength of our own businesses, but to protect the uniquely American heritage of natural beauty and adventurous spirit that has defined our nation since its inception.

This is why your committee's work is so important. Many companies, like mine, create high-end gear, apparel, equipment, footwear, and even food and beverages for the primary purpose of supporting Americans' passion for outdoor travel experiences.

When you support the small outdoor businesses spread around this country—many of which are located in what we call “gateway communities”—you also bolster the health of those local economies. In turn, these healthy communities draw skilled workers seeking a quality of life delivered by proximity and access to the outdoors. And who comes looking for those healthy, happy, skilled workers? National and international companies who increasingly recognize that salary is only one piece of a modern-day compensation package. As our world becomes flatter and large companies no longer need to base their operations in urban centers, small communities with strong outdoor infrastructure and easy access to nature are becoming more attractive for employers and employees.

According to CNBC's 2017 ranking of Top States for Business, my home state of New Hampshire ranks sixth nationally in terms of quality of life, which “is particularly important because the most sought-after workers in today's economy look at more than just a paycheck when picking places of employment.” Likewise, a 2015 article in GreenBiz noted that “for today's companies, nature is a top recruiter.”

Accessibility to the outdoors was central to why I headquartered my company in New Hampshire. Having great hiking, hunting, fishing, surfing, skiing and mountain biking close at hand is critical for inspiration, for R&D, and for brand authenticity. It was an important part of our being named among the 10 best companies to work for in New Hampshire in 2017. And we even build the outdoors into our hiring process, often supplementing traditional interviews with candidates by taking a hike or going for a mountain bike ride. People are more relaxed and more themselves when they're outdoors, especially if they're having fun!

But it's not just in rural or small communities where we're seeing this trend. Increasingly big-city companies are incorporating outdoor culture into their corporate values. The same GreenBiz article from 2015 notes: “More companies are bringing nature to cities and to office campuses,” pointing to Facebook's Menlo Park, California, campus which “features the green roof to end all green roofs, a half-mile walking loop, over 400 trees, and is the length of seven football fields.”

Beyond corporate campuses, small towns and big cities are beginning to recognize the value and the draw of recreation infrastructure. Whether it's world-class mountain biking trails or

neighborhood pocket parks, access to the outdoors contributes to our quality of life. Modest investments in outdoor infrastructure can transform communities and drive economic growth in ways that are blind to age, gender, race or politics. A deeply wired satisfaction in being outdoors is one thing every human being shares.

And according to OIA's most recent report, the first of its kind to issue economic data at the congressional district level, every community and every state in the country has a viable outdoor recreation economy. Chairman Brat, constituents in your district spend \$1,484,417,588 on recreation alone each year. Ranking Member Evans, your constituents spend \$887,871,305 on recreation each year. Both districts are made up of consumers focusing on camping, trail sports, and fishing.

Those economies, like any, need infrastructure. Outdoor recreation infrastructure includes public open spaces—from New Hampshire's White Mountain National Forest, home of Mt. Washington, to New York's Washington Square Park to the Washington Monument on the National Mall—where we can have life-changing big adventures or meaningful everyday small ones. It includes well-maintained roads and trails by which to access those places, clean water for fishing, paddling, playing and drinking.

Consistent, reliable funding that builds and maintains the places we recreate, the roads and bridges that gets us to where we recreate, and that supports the men and women who work as stewards of those places is paramount. This is why it is so critical that our federal and local governments continue to invest in our public lands and waters and outdoor recreation infrastructure, whether it's our spectacular national parks that draw people from around the world, the paved bike paths we use to get to and from work, or the local playground where we take our kids every weeknight after dinner.

As you know, the landmark Land and Water Conservation Fund (LWCF) is a mechanism that is intended to pay for everything from trail maintenance to river restoration and from visitor centers to RV hookups at campgrounds, without drawing a penny from Americans' pockets. Unfortunately, LWCF, which receives revenue from offshore energy royalty payments, not tax dollars, it is rarely fully funded. Dollars intended for outdoor recreation projects get siphoned for other means, and our public lands and waters are chronically shortchanged. And, of course, that lack of funding doesn't just affect places, it affects people's hard-earned vacations and neighborhood parks.

We ask that Congress ensure these recreation opportunities continue to be provided for the American heritage they represent, and the endless business growth opportunities outdoor recreation supports. Supporting reauthorization and full funding for the Land and Water Conservation Fund would be a good start, as this program has benefited every county in the country and is set to expire at the end of this fiscal year. Investing in our public lands and waters is important so that entrepreneurs like myself can continue to create companies and jobs around the healthy and sustainable outdoor industry and the travel and tourism it drives.

When people hear "travel and tourism," they may think of seasonal, low-skilled service workers. But that misses a huge segment of the workforce and the businesses intrinsically linked to the

travel sector. NEMO might be a small, local business, but we and companies like us who supply the gear and apparel people need when they go on adventures have complex global supply chains that bring our high-tech, innovative products to market at the best prices. American businesses like mine provide coveted and high-paying engineering, design, marketing, advertising, financial, and sales jobs. The research, design, development, and testing of these products and their inputs—not to mention sourcing, logistics, and compliance—happen in the United States. My small company, for example, employs a Harvard PhD, a former Apple designer, the former head of digital marketing from Ben & Jerry's and other talented and hard-working Americans typical of the people in this country driving our economy forward and keeping us competitive on the global stage.

Many of the less desirable manufacturing jobs, however, like sewing and assembly have, since the 1990's moved abroad in search of an available and willing labor force. Which means companies like mine wind up paying high tariffs to bring our finished goods back into the country. In fact, outdoor companies pay disproportionately high taxes. While the average inbound tariff is less than 3 percent, the average tariff on outdoor products is 14 percent and can be as high as 40 percent. Outdoor product manufacturers pay approximately \$750 million annually in import taxes to the U.S. Treasury.

However, the outdoor industry is one of the few sectors where America is positioned as a global leader of innovation and high-tech advancements. American brands are many of the most revered and dominant in the global outdoor market. Countless of the watershed innovations in outdoor equipment have been invented by our companies: Gore-Tex waterproof/breathable fabric, the mountain bike, the snowboard, fleece jackets, hydration packs, fiberglass surfboards, and much more. My own company has created many firsts, including: the first air-supported backpacking tents, the first swinging and auto-reclining camp chairs, the first foot-pump pressurized camp shower, and much more. Today our industry is leading in the development of sustainably produced textiles, materials and apparel, and our American brands are on the cutting edge of these developments.

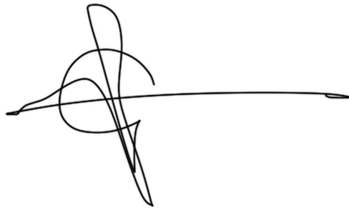
Duty relief on outdoor products not manufactured domestically can help lower costs, fuel innovation, and get more Americans outdoors. We ask for your support of the U.S. OUTDOOR Act that allows for more innovation by American companies, while protecting our industries' domestic manufacturers.

Americans love the outdoors. Over half of all Americans enjoy outdoor activities every year, whether close to home or at faraway, iconic places. The outdoor recreation economy is resilient and is growing faster than the economy as a whole. My business is just one example of the thousands of companies that are choosing to base their businesses, of any type, near access to the outdoors. As a business owner dedicated to my employees and my industry, I want other businesses to have the same opportunities to provide their employees with a healthy lifestyle and be part of active and thriving communities.

I am here today wearing many hats. I come with the perspective of a small business entrepreneur, but one who works closely with a national trade organization. I am an adventurer who finds meaning, health, happiness, and my American identity in the outdoor places that are so unique to

this nation. But I'm also a businessman, an employer, a job provider, and taxpayer. I'm a backpacker and a hunter. A husband and a father. As all of those things, and on behalf of my colleagues, my competitors, my friends, and my family, I want to thank you for the work you do to support the people, places and infrastructure that make outdoor adventure possible and form a major component of our country's travel and tourism industry.

Thank you for your attention to this important issue, and I hope this testimony will assist you as your committee explores this topic.

A handwritten signature in black ink, consisting of a stylized, cursive 'C' followed by a horizontal line that extends to the right and ends in a small arrowhead.

Cam Brensinger
Founder and CEO
NEMO Equipment, Inc