



Concessionaires Operating on Federal Land

Counties should receive some payment to mitigate the costs associated with the operations of concessionaires by legislative changes to the Concessions Management Improvement Act of 1998. Amendments need to provide a mechanism for local governments to receive revenue from any concessionaire operating within a National Park.

- **Coconino County asks for the ability to receive revenue from concessionaires' operations within National Parks to deliver services to the residents who benefit from county services.**

- **Background:**
 - The Commercial Services Program of the National Park Service (NPS) administers more than 500 concession contracts with gross receipts totaling about \$1 billion annually. Concessionaires operate on Federal Parks and lands ostensibly to make the tourist experience more enjoyable. While concessionaires are charged a lease payment, they can offer "write-offs" for things like upkeep and maintenance on the property they are leasing from the Park Service. Finally, the concessionaires can recoup their "improvement investments" from the next lease as their original contract expires.
 - Currently, businesses that operate concessionaire operations on federal land are not liable to be assessed ad valorem taxes. In 2001, *Havasupai Springs v. La Paz County* found that improvements constructed and operated by a concessionaire on land owned by the United States government are not subject to *ad valorem* taxation. ARAMARK Sports and Entertainment Services, Inc. and Xanterra filed similar claims as the *Havasupai Springs* case.
 - In 2004, concessionaire properties were removed from Coconino County tax rolls. The County litigated the Xanterra appeals but was not successful with the lawsuit. Subsequently, the County was required to refund approximately \$2.3 million in taxes and \$1.2 million in interest.

- **Key Issues:**
 - The ability to profit from these premier locations come at the expense of other county taxpayers and property owners.
 - Concessionaires are not paying *ad valorem* taxes but benefit from county services such as public health, law enforcement and education. The effect of this is that county taxpayers, the Grand Canyon School District and businesses outside of Grand Canyon National Park subsidize the concessionaires' operations in the Park.