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| LRB or Bill No./Adm. Rule No. |
| AB 782, 99-4201/3 |
| Amendment No. if Applicable |

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

FISCAL ESTIMATE
DOA-2048 N(R10/94)

Subject
Sale of park admissions by "friends groups"

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

| | | |
|--|---|--|
| <input type="checkbox"/> Increase Existing Appropriation | <input type="checkbox"/> Increase Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs |
| <input type="checkbox"/> Decrease Existing Appropriation | <input type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Create New Appropriation | | |

Local: No local government costs

| | | |
|--|---|--|
| 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> WTCS Districts <input type="checkbox"/> School Districts <input type="checkbox"/> Others _____ |
| 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |

| | |
|---|---|
| Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEG-S | Affected Ch. 20 Appropriations 20.370(9)(mu) |
|---|---|

Assumptions Used in Arriving at Fiscal Estimate

SUMMARY OF BILL - Under current law, a person may not operate a vehicle in state parks or certain other state recreational lands unless the vehicle has been issued a vehicle admission receipt by the department. The base fee for the receipt varies depending on whether the fee is issued on an annual or daily basis and depending on the kind of vehicle for which the receipt is issued. In addition to the base fee, DNR collects issuing fees of 50 cents for annual vehicle admissions and 15 cents for daily admissions. DNR may appoint agents to collect all of these fees and agents may retain the issuing fees as compensation for their services.

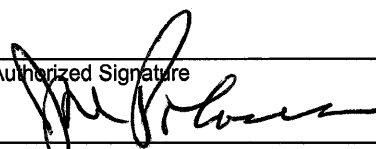
This bill provides that if DNR appoints an agent to issue vehicle admissions receipts, and the agent is a nonprofit corporation, that agent may retain an amount that is equal to ten per cent of the sum of the amount of the base fee for the receipt plus 50 cents or 15 cents depending on whether the receipt issued is for annual or daily admission. The bill does not change the amount under current law that an agent other than a nonprofit corporation may retain as compensation.

FISCAL EFFECT - DNR staff spend approximately 0.25 FTE worth of time following up with recreational friends groups, auditing their sales, and resolving administrative problems. This bill will greatly magnify these difficulties. The following chart of 1999 license sales indicates the extent of business that friends groups do. All revenue is supposed to be remitted monthly, but three of the nine groups have not remitted anything for 1999 yet. Therefore, these figures are estimates that use available data for 1999 and fill in the gaps with 1998 data.

| | Annual | Daily | Total |
|-------------------------------------|--------|--------|---------|
| Total trail passes sold | 44,195 | 57,371 | 101,566 |
| Trail passes sold by friends groups | 8,299 | 11,754 | 20,053 |
| Per cent sold by friends groups | 18.8% | 20.5% | 19.7% |

The department has 66 properties that appear to be attractive to potential friends groups (see attached list). The Bureau of Parks and Recreation expects that 75% (50) of these properties will eventually have friends groups that sell park admissions. It is not possible to determine how many admissions these groups will sell, or how much their sales will exceed current sales, but for purposes of estimation, we might assume that these could have a nominal (0-5%) effect on the sale of park admissions. Based on experience with trail passes, it seems reasonable to assume that friends group sales will account for 10-20% of the total. The following chart shows license sales for 1999 as a basis for estimating potential friends group sales.

Long-Range Fiscal Implications

| | | | | | |
|--------|-------------|----------------|--|----------------|------------|
| Agency | Prepared By | Phone No. | Authorized Signature | Phone No. | Date |
| DNR | Joe Polasek | (608) 266-2794 |  | (608) 266-2794 | 02/23/2000 |

FISCAL ESTIMATE
DOA-2048 N(R10/94)

Assumptions Used in Arriving at Fiscal Estimate

| <u>License type</u> | <u>1999 Sales</u> | <u>Price</u> | <u>Revenue</u> |
|----------------------------|-------------------|--------------|------------------|
| Resident annual | 145,047 | \$18 | \$2,610,846 |
| Resident daily | 115,236 | \$5 | \$576,180 |
| Resident ½-price | 36,644 | \$9 | \$329,796 |
| Non-resident annual | 28,302 | \$25 | \$707,550 |
| Non-resident daily | 93,353 | \$7 | \$653,471 |
| Res. sr. citizen daily | 86,506 | \$5 | \$432,530 |
| Non-res. sr. citizen daily | <u>47,172</u> | \$7 | <u>\$330,204</u> |
| Total | 552,260 | | \$5,640,577 |

If friends groups caused total sales to increase by 2%, total revenues would rise by \$112,800 to approximately \$5,753,500. If these groups sold 10-20% of all admissions (\$575,350-\$1,150,700) and kept 10% as allowed under this bill, they would retain \$57,535-\$115,070. The net change in revenue for the department would be the difference between the increase in gross receipts and the amount retained by friends groups, somewhere between a gain of \$55,265 and a loss of \$2,270. These assumptions would produce in effect a break-even point.

In the absence of supporting marketing analyses, it seems reasonable to offer alternative scenarios using different assumptions about the degree to which friends groups might affect admission sales.

a. If friends groups do not increase total sales, the result could be a net revenue loss to the department. For example, if sales remained flat and friends groups sold 10-20% of the total, they would retain from \$56,406 to \$112,812, all of which would come out of current revenues.

b. On the other hand, a larger increase over current sales could yield a net revenue gain. For example, a 5% increase in sales would generate \$282,000 in additional revenue for a total of approximately \$5,922,500, of which friends groups would receive from \$59,225 to \$118,450. The net revenue increase for the department would be from \$163,550 to 222,775.

The workload in the Bureau of Customer Service and Licensing associated with this proposal would increase significantly. The Bureau currently devotes 0.25 FTE to managing the sales of recreational trail passes sold by nine friends groups. An additional 50 groups would increase this workload by a factor of five, or 1.25 FTE. Staff who are close to this work believe that it could be done with the addition of only 1.00 FTE. At \$13.316 per hour for a Financial Specialist 4, the ongoing cost of managing 60 friends group accounts would be approximately \$41,100. This includes 37.6% fringe benefits and \$3,000 for supplies and services.

FISCAL ESTIMATE WORKSHEET

1999 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

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|--|---------------|
| LRB or Bill No./Adm. Rule No. AB 782, 99-4201/3 | Amendment No. |
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Subject

Sale of park admissions by "friends groups"

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

| II. Annualized Costs: | Annualized Fiscal impact on State funds from: | |
|---|---|------------------------|
| | Increased Costs | Decreased Costs |
| A. State Costs by Category | | |
| State Operations - Salaries and Fringes | \$38,100 - \$38,100 | |
| (FTE Position Changes) | 1.00 | |
| State Operations - Other Costs | \$3,000 - \$3,000 | |
| Local Assistance | | |
| Aids to Individuals or Organizations | | |
| TOTAL State Costs by Category | \$41,100 - \$41,100 | |
| B. State Costs by Source of Funds | Increased Costs | Decreased Costs |
| GPR | | |
| FED | | |
| PRO/PRS | | |
| SEG/SEG-S | \$41,100 - \$41,100 | |
| III. State Revenues: Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.) | Increased Rev. | Decreased Rev. |
| GPR Taxes | | |
| GPR Earned | | |
| FED | | |
| PRO/PRS | | |
| SEG/SEG-S | \$55,265 - (\$2,270) | |
| TOTAL State Revenues | \$55,265 - (\$2,270) | |

NET ANNUALIZED IMPACT

| | STATE | LOCAL |
|-------------------------------|----------------------|-------|
| NET CHANGE IN COSTS | \$41,100 - \$41,100 | |
| NET CHANGE IN REVENUES | \$55,265 - (\$2,270) | |

| | | | | | |
|--------|-------------|----------------|--|----------------|------------|
| Agency | Prepared By | Phone No. | Authorized Signature | Phone No. | Date |
| DNR | Joe Polasek | (608) 266-2794 |  | (608) 266-2794 | 02/23/2000 |