

Fiscal Estimate Narratives

DNR 9/24/2003

LRB Number	03-2180/1	Introduction Number	AB-479	Estimate Type	Original
Subject					
Relating to: authorizing certain agents who issue vehicle admission receipts for entry into state parks and other state recreational lands to collect surcharges					

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary:

Assembly Bill 479 would allow the Department of Natural Resources to designate Friends Groups as agents of the Department. This designation would allow these groups to sell vehicle admission stickers for entry to Department properties. This bill would also allow the agent to impose and retain a surcharge of up to \$2 dollars per sticker. In addition, the agent would also be allowed to retain the \$0.50 cent issuance fee that the Department currently collects. If the agent were to use an automated sales system, they would also be allowed to collect an additional fee of \$0.50 cents per transaction for their services.

Fiscal Impact:

The fiscal impact of this proposal is estimated at an annual increased cost of \$130,000 and 1 FTE, a one-time cost of \$60,000, and an annual revenue reduction of \$25,200. More background on the assumptions follows.

Depending on how consumers respond to an opportunity to purchase their vehicle admission stickers from non-Department sources, the Department has the potential to lose up to \$1.00 per annual vehicle admission sticker sold if the sale is made through an ALIS system. This is based on the language in AB479 that states that the "agent may retain the issuing fee as compensation for the agent's services." The current issuance fee is 50 cents per annual sticker and 15 cents for each daily sticker.

Additionally, the bill also states that the "department shall establish a system under which the department pays each agent appointed under sub (7m)(a) a payment of 50 cents for each time that the agent processes a transaction through the statewide automated system contracted for under sub (7m)(d)."

It is assumed that most Friends Groups would not be interested in selling the paper receipt generated by the automated system that requires the purchaser to go to a Department outlet to redeem the receipt for an actual vehicle admission sticker. It is assumed they would instead prefer to sell the four-color window decal directly to the consumer. If this becomes the case, a distribution and tracking system for this process would need to be developed and implemented. The additional workload associated with this expanded tracking and distribution system would require an additional 2080 hours of labor per year along with the associated fringe benefit costs.

The potential fiscal impact on the Department is contingent on the number of consumers that take advantage of the opportunity to purchase vehicle admission stickers from the non-Department sources and if these consumers are current customers or new customers.

The sale of vehicle admission stickers has been relatively stable over the past four years. On average, sales total 148,614 annual resident passes, 31,924 nonresident annual passes, 110,661 resident daily passes, 83,109 nonresident daily passes, 53,458 one-hour passes, and 41,920 senior annual stickers.

If the assumption were made that 10% of all existing sales were shifted from Department sales locations to non-profit organizations, the fiscal impact to the Department, on average, would be a reduction in Department revenue of \$25,152 annually.

If the assumption were made that the non-profit organizations could increase the sales of vehicle admission stickers by 5%, the fiscal impact on the Department's revenue would be an increase of approximately \$293,000 annually.

In analyzing this proposal, it appears that the first assumption, a 10% decrease, would be a reasonable assumption and that the second assumption, a 5% increase, would not. This is based on the following premise.

Currently, it is assumed that all members of the Friends Groups buy admission stickers from the Department and that they would instead buy their stickers from the local Friends Group to provide additional support to the group. It is also assumed that family members and acquaintances of the Friends Group member may also purchase from the local chapters. It is also assumed that because of the limited number of members and lack of organizational infrastructure, that the Friends Groups would be unable to expand the current market sufficiently enough to achieve a 5% increase in sales.

Other fixed and ongoing cost estimates for implementing AB-479 include the following.

The cost estimate for modifying the current ALIS System is approximately \$60,000.

The cost per agent for an ALIS terminal is over \$1,000 per terminal. This fee would be a cost of doing business for the agents (Friends Groups).

The cost estimate for increasing the inventory of admission stickers is \$75,000. This is dependent on the number of agents that are approved. This cost is a result of the increase in the number of stickers that will be needed to supply a working inventory for all agents. This cost will be an annual cost as the stickers are date sensitive.

A cost estimate for developing training, marketing, and educational materials has not been determined at this time. It is believed that these costs may be significant.

Based on these assumptions, the following Fiscal Estimate Worksheet is based on the assumption that the Department would realize an increase in costs in salaries, fringe benefits, and inventory costs and a decrease in revenue.

Long-Range Fiscal Implications

The long-range fiscal impact will be determined by consumer reaction to this opportunity to purchase stickers from non-traditional sources. If the Friends Groups are successful in expanding the current market demand for admission stickers, the Department may realize a increase in revenue.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Relating to: authorizing certain agents who issue vehicle admission receipts for entry into state parks and other state recreational lands to collect surcharges			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
The cost estimates for modifying the current ALIS and Inventory Systems is approximately \$60,000.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$55,000	
(FTE Position Changes)		(1.0 FTE)	
State Operations - Other Costs		75,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$130,000	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S		130,000	
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			-25,200
TOTAL State Revenues		\$	-\$25,200
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$130,000	\$
NET CHANGE IN REVENUE		\$-25,200	\$
Agency/Prepared By			
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		Stacey Fietz (608) 261-0744	
			Date
			9/24/2003