



## Fiscal Estimate Narratives

DNR 2/10/2004

LRB Number	03-2664/2	Introduction Number	SB-434	Estimate Type	Original
<b>Subject</b>					
Content of snowmobile safety certification program					

### Assumptions Used in Arriving at Fiscal Estimate

#### Bill Summary

This bill eliminates the option for children under 16 years of age to acquire snowmobile certification using the Department's CD ROM learning course.

#### Fiscal Effect

The net fiscal effect of the bill for ongoing costs is zero. The ongoing costs for the snowmobile certification program will increase, but will be offset by less spending in other areas of snowmobile education. There will be no impact on revenues.

Additional one-time costs would be incurred to inform the public that the CD ROM option for under 16 no longer exists. This media campaign is estimated to cost \$5,000-\$10,000 depending on types and quantity of media used, broadcast times and contract periods available.

The Department supervises two instructional methods that are used to certify students so they can legally operate a snowmobile. One method is via classroom through volunteer instructors, the other certification method is through a CD ROM learning course.

Regardless of the method used to become certified, each student must submit \$10 to the Department. The \$10 is used to pay for education materials used with the safety education program. However, the classroom certification method allows instructors to retain up to \$5 per student (to offset classroom expenses).

The first year of CD ROM implementation (FY 03), the Department received 896 student applications for CD certification. From the 896 students, 707 applications came from students under the age of 16. The program revenue generated from the under 16 students was approximately \$7,000.

Half-way through FY 04, the number CD ROM certified students is 708. The revenue generated from this number students is approximately \$7,000. An additional \$7,000 is expected to be generated from students who are expected to complete the CD course during the remainder of FY 04.

It is assumed the annual, minimum number of CD ROM students will remain at or above 1,400 (1,400 X \$10 = \$14,000). The bill would require those 1,400 students to attend classroom instruction and as a result, the instructors' estimated expenses are expected to increase by \$7,000 (1,400 X \$5). This increase will be funded by existing student fee revenues.

A single CD ROM that is used to certify a student, including shipping costs, is approximately \$1.66. The cost of materials (including shipping) used in the classroom is approximately \$3.54.

If the 1,400 students under 16 are required to attend classroom training, there would be an expected increase in costs of approximately \$2,600 ( $\$3.54 - 1.66 = \$1.88 \times 1,400 \text{ students} = \$2,632$ ). These costs are in addition to the volunteer instructor classroom costs. This increase will be funded by existing student fee revenues.

The increased costs for classroom training would be funded by reallocating spending from other snowmobile education areas, resulting in fewer CD revisions, student manual upgrades, classroom teaching aids and instructor training/workshop opportunities. This reduced spending impact is long-term and is expected to be at least \$9,600 annually.

#### Summary

Department ongoing expenses for the snowmobile certification program would increase by an estimated \$9,600 annually. Department ongoing expenses for other snowmobile education activities would decrease by an estimated \$9,600 annually.

Additional one-time costs would be incurred to inform the public that the CD ROM option for under 16 no longer exists. This media campaign is estimated to cost \$5,000-\$10,000 depending on types and quantity of media used, broadcast times and contract periods available.

There is no impact on revenues.

### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>03-2664/2</b>		Introduction Number <b>SB-434</b>	
<b>Subject</b>			
Content of snowmobile safety certification program			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
\$5,000 - 10,000 for public service announcements via various media			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes (FTE Position Changes)	\$		
State Operations - Other Costs	9,600		-9,600
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$9,600</b>		<b>\$-9,600</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS	9,600		-9,600
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State	Local	
NET CHANGE IN COSTS	\$0		\$
NET CHANGE IN REVENUE	\$		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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