

FISCAL NOTE

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Bill Version LL0040
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) LL0040-3-DNR-PKS-03-28-15 Dept. Affected Natural Resources
Title State Park Fees and Sale of Merchandise Appropriation Parks and Outdoor Recreation
Allocation Parks Management and Access
Sponsor Rules by Request of the Governor
Requester Governor OMB Component Number 3001

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY16 Appropriation Requested	Included in Governor's FY16 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY16	FY16	FY17	FY18	FY19	FY20	FY21
Personal Services			***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	***	***	***	***	***

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF		***	***	***	***	***
1005	GF/Prgm (DGF)		***	***	***	***	***
1007	I/A Rcpts (Other)						
1156	Rcpt Svcs (DGF)						
		0.0	0.0	***	***	***	***

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							
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Estimated SUPPLEMENTAL (FY15) operating costs 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY16) costs 400.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended, or repealed? N/A Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial version. Not applicable.

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Agency Department of Natural Resources

Phone 907-269-8701
Date/Time 3/28/15 12:00 PM
Date 3/28/2015

FISCAL NOTE ANALYSIS

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Analysis

Like other state park systems throughout the country, Alaska State Parks is pursuing ways to become more financially self-sustaining through development of new revenue sources. Many state park agencies have merchandise sales programs which generate significant revenue to support park operations. With changes made to AS 41.21.026, to authorize the department to sell park themed merchandise to retailers for profit, the revenue could then be allocated to support state park operations. General funds and program receipts via a capital request, will be used to develop a pilot program.

While it is difficult to project how much revenue the program could generate in the long-term, there is data from other states that indicates merchandise sales can provide significant revenue. For instance, in FY2014, South Carolina State Parks had \$4 million in total sales with a net profit of \$1.7 million.

This is appropriate for a capital project because it is a pilot program that will require multiple years to establish. This project will be funded by \$50.0 GF and \$350.0 GF/PRGM.

The assumptions for this program are as follows:

1. The \$50.0 (UGF) portion of the capital appropriation will provide the start-up funds to purchase the initial merchandise to sell to retailers.
2. With a 20% mark-up on merchandise, the initial \$50.0 would result in \$60.0 in GF/PR coming from retailers, which would be reinvested in new merchandise to then be sold to retailers.
3. Depending on market demand, this process would continue to determine an annual expenditure/revenue stream and eventually look to offset some general funds costs in the operating budget with the profits. Until that consistent stream is established, the amount is indeterminate at this time.