

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version:	HB 184
Fiscal Note Number:	1
(H) Publish Date:	4/8/2015

Identifier: LL0040-3-DNR-PKS-03-28-15  
 Title: STATE PARKS FEES & SALES OF  
 MERCHANDISE  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Governor

Department: Department of Natural Resources  
 Appropriation: Parks & Outdoor Recreation  
 Allocation: Parks Management & Access  
 OMB Component Number: 3001

### Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>	<b>FY 2016</b>	<b>FY 2016</b>					
Personal Services			***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

### Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

### Positions

Full-time							
Part-time							
Temporary							

### Change in Revenues

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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2016) cost:** 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 If yes, by what date are the regulations to be adopted, amended or repealed?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

### Why this fiscal note differs from previous version:

Initial version. Not applicable.

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Division:	Parks and Outdoor Recreation	Date:	03/28/2015 12:00 PM
Approved By:	Mark Myers, Commissioner	Date:	03/28/15
Agency:	Department of Natural Resources		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION**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.