



RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

January 15, 2020

Mr. John Quiroz
Fairs and Expositions Branch Chief
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

Transmittal Via E-mail: John.Quiroz@cdfa.ca.gov

**RE: Fair Allocation Rulemaking, 45-Day Public Comment Period
Chapter 3, Division 7, Title 3 of the California Code of Regulations**

Dear Mr. Quiroz:

On behalf of the Rural County Representatives of California (RCRC), we offer comments on and appreciation for the long-awaited "Allocation to Fairs of Sales and Use Tax Revenue Rulemaking," implementing Assembly Bill 1499 by Assembly Member Adam Gray (Chapter 798, 2017), as well as Assembly Bill 635 by Assembly Member Frank Bigelow (Chapter 353, 2019). RCRC is an association of thirty-seven rural California counties, and the RCRC Board of Directors is comprised of an elected supervisor from each of those member counties.

RCRC believes fairs and fairgrounds are an integral asset to many of our counties and supported the revenue stream provided by AB 1499. AB 1499 was a significant step forward in the long-term viability for the operations and maintenance of fairgrounds. Operational money is needed to ensure fairs and fairgrounds, particularly in rural areas, are not on the brink of elimination and can serve not only community events, but also serve as evacuation centers and public safety command centers during catastrophic wildfires and other emergencies. Fairgrounds have a multitude of beneficial uses including use as for community heating or cooling centers during extreme weather events.

The Initial Statement of Reasons is correct in its assertion that smaller fairs are often located in remote areas, areas most vulnerable to catastrophic events or natural disasters with limited flexibility to address its infrastructure needs. For example, capital improvements are needed to house livestock under current best management standards during emergency evacuations. Fairgrounds are a prime staging area during disasters and often times the only location to house large animals. Also, it is crucial that fairground

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facilities be given the tools and ability to transition over the long-term so their beneficial uses be reimagined over time to meet the needs of communities.

Although we are disappointed with the multi-year delay in initiating this rulemaking to get these much-needed dollars out the door, we appreciate the open dialogue with the California Department of Food and Agriculture (CDFA) during the informal rulemaking process. RCRC was able to participate in one of the three public workshops to discuss the draft language. Overall, we believe this 45-Day Public Comment Draft reflects a broad consensus of stakeholder feedback.

Specifically, we appreciate that these proposed regulations would include all fairs, including the few that are county-owned, to be eligible for this revenue and allocation. CDFA has accomplished this by eliminating draft language defining a “lease” as real property owned by the state.

Unfortunately, the CDFA has not provided any insight about how these monies will ultimately be allocated to fairs. Can each fair expect a minimum amount or percentage of the revenue collected in a given year? Will larger funding allocations be available to fairs with the greatest operational needs? Will disaster-prone areas be prioritized for capital improvement project grants? We strongly recommend that CDFA minimize impacts on small fairs that are in dire need of operational support by fulfilling the design of AB 1499. CDFA must consider and prioritize fairs with the greatest operational support needs by allocating these funds to qualified fairs in disaster prone areas, and/or to those that lack economies of scale to support the overall financial health of the fairgrounds.

Further, CDFA should clarify Section 7021.1 regarding qualified fair status. For instance, it is unclear if, once qualified fair status is granted, qualified status remains in effect until denied or terminated. We support the fair Board needing to petition—via the process specified under this section—*one* time to become qualified rather than in regular intervals. The fair Board, therefore, may be well-served to know if this process is a one-time occurrence, or if it must be done annually, for example. Not only should the process to become a qualified fair be streamlined, but the issuance of these funds to fair Boards should also be as efficient as possible and occur in regular intervals.

We support that Section 7022 regarding allocations and use of funds affirms the intent of the Legislature that these funds primarily be used for fairs with limited sources of revenue and for general operational support. Again, RCRC believes CDFA should prioritize the bulk of these funds to go toward general operational support, including deferred maintenance. As such, Section 7022, subdivision (d) is, therefore, redundant and may contradict Section 7022, subdivision (a) which provides funding to qualified fairs for general operational support.

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Lastly, to the extent that the CDFA wishes to create priority projects for these funding allocations in the future, CDFA must prioritize strengthening broadband access and infrastructure at rural fairgrounds. Rural communities have been left behind to equitably participate in the 21st Century economy. Broadband deployment across all areas of the state is one of the most critically missing infrastructure components that can add significant costs to rural communities and put life and safety at risk. Without high-speed broadband, residents may not receive life-saving emergency notifications, and they may experience a reduction in healthcare access, public services, and/or educational opportunities. Adding broadband capabilities for rural fairgrounds is a step forward to close the gap and bridge the urban/rural divide.

Thank you for your consideration of our comments. If you should have any questions or concerns, please do not hesitate to contact me at mwarmerdam@rcrcnet.org or (916) 447-4806.

Sincerely,

A handwritten signature in purple ink that reads "Mary-Ann Warmerdam". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

MARY-ANN WARMERDAM
Senior Legislative Affairs Advocate

cc: Kathy Diaz, California Department of Food and Agriculture
The Honorable Adam Gray, Member of the State Assembly
The Honorable Frank Bigelow, Member of the State Assembly
The Honorable Robert Rivas, Member of the State Assembly Member
The Honorable Joaquin Arambula, Member of the State Assembly Member
The Honorable Tom Daly, Member of the State Assembly Member
The Honorable Susan Eggman, Member of the State Assembly Member
The Honorable Devon Mathis, Member of the State Assembly Member
The Honorable Kevin McCarty, Member of the State Assembly Member
The Honorable Brian Dahle, Member of the State Senate
The Honorable Anna Caballero, Member of the State Senate
The Honorable Steven Bradford, Member of the State Senate
The Honorable Bill Dodd, Member of the State Senate
The Honorable Cathleen Galgiani, Member of the State Senate
The Honorable Jim Nielsen, Member of the State Senate
The Honorable Richard Pan, Member of the State Senate
Louie A. Brown, Jr., Western Fairs Association
Joshua Eddy, Executive Director, California State Board of Food and Agriculture
Don J. Cameron, President, California State Board of Food and Agriculture
Rachelle Arizmendi, California State Board of Food and Agriculture

Ashley Boren, California State Board of Food and Agriculture
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Joy Sterling, California State Board of Food and Agriculture
Andrew J. Thulin, California State Board of Food and Agriculture
Christopher Valadez, California State Board of Food and Agriculture