



Legislation Text

File #: 20-0443, **Version:** 1

Supervisor Parlin recommending the Board authorize the Chair to sign a letter of support to the Fairs and Expositions Branch Chief, John Quiroz, for the Fair Allocation Rulemaking, including comments on its disbursement per Assembly Bill 1499.

DISCUSSION / BACKGROUND

Summary

The California Department of Food and Agriculture (CDFA) has initiated long-awaited rulemaking to distribute a share (three-quarters of 1 percent) of the state's portion of sales and use tax revenues from transactions made at fairgrounds to Fair Boards to support the operations and maintenance of fairgrounds.

Background

Under Assembly Bill 1499 (Gray; 2017), fairs-and their lessees-must comply with specific working conditions for non-management employees in order to be qualified to receive "Fair Allocation Funding," including meal breaks and eight-hour work days with overtime pay for excess hours worked. Assembly Bill 635 (Bigelow; 2019) clarified these non-management employees were exempt from specified working conditions if they are covered by a collective bargaining agreement.

Prior to 2009-10, fairs received state support primarily from horse race wagering proceeds. In 2009, the state supplanted horse race wagering with General Fund support. The 2011-12 State Budget eliminated the \$32 million General Fund for the support of fairs. Subsequent State Budget Packages did not replace the funding for fairs until the 2015-16 State Budget Package, which provided a modest \$3.1 million to improve the financial situation of smaller fairs.

AB 1499, which Rural County Representatives of California (RCRC) fully supported, was a significant step in assuring the long-term viability of the network of fairs and fairgrounds. In 2019-20, the California Department of Tax and Fee Administration (CDTFA) reported that \$18.637 million has been collected and distributed to the Fairs and Exposition Fund. However, until CDFA adopts rules on how to allocate these revenues, these monies will not be distributed to qualified fairs and fairgrounds.

Issue

Fairs serve a critical role in rural communities and operational money is needed to ensure fairs and fairgrounds are not on the brink of elimination and/or insolvency. Fairgrounds can serve as evacuation centers for displaced residents and large animals as well as serving as staging areas for public safety command centers during emergencies such as wildfires.

In late November 2019, CDFA initiated rulemaking to implement AB 1499 by outlining the process to ensure compliance with the required working conditions in order to receive funding. Any fair may be eligible to receive these allocations, including the 52 district agricultural associations, 22 county fairs, two citrus fairs and the California Exposition and State Fair (Cal Expo).

Unfortunately, CDFR has not provided any insight on how much revenue could be allocated individually to qualified fairs, nor has CDFR received a five-year estimate of these funds from CDTFA to predict and strategically plan the dispersion of these dollars. RCRC has requested the bulk of this money go toward general operational support, including deferred maintenance which would satisfy the legislative intent of AB 1499. According to the Governor's Proposed January Budget, CDFR has availed themselves to \$1.1 million in administrative oversight of these funds, which again remain dormant in the Fair and Exposition Fund until this rulemaking is final.

ALTERNATIVES

N/A

PRIOR BOARD ACTION

N/A

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

FINANCIAL IMPACT

N/A

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A]

STRATEGIC PLAN COMPONENT

Infrastructure: Provide, operate and maintain our infrastructure, public facilities, and associated services that protect our community, environment and economic well-being.

CONTACT

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