

SENATE BILL REPORT

SB 5237

As Reported By Senate Committee On:
Agriculture & International Trade, February 7, 2001
Ways & Means, March 22, 2001

Title: An act relating to the fair fund.

Brief Description: Making annual transfers of money into the fair fund.

Sponsors: Senators Rasmussen, Swecker, Sheahan, Honeyford, West, Fraser, Kastama, Regala, Hewitt, Hale, Parlette, Morton, Hochstatter and Franklin.

Brief History:

Committee Activity: Agriculture & International Trade: 2/7/01 [DP].
Ways & Means: 3/6/01, 3/22/01 [DPS].

SENATE COMMITTEE ON AGRICULTURE & INTERNATIONAL TRADE

Majority Report: Do pass.

Signed by Senators Rasmussen, Chair; Shin, Vice Chair; Parlette, Sheahan, Snyder and Swecker.

Staff: Bob Lee (786-7404)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5237 be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Honeyford, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Roach, Rossi, Sheahan, B. Sheldon, Snyder, Spanel, Thibaudeau, Winsley and Zarelli.

Staff: Richard Ramsey (786-7412)

Background: The Fair Fund was created in 1941 to provide allocations to qualifying fairs for the purpose of encouraging agricultural fairs and training rural youth. Allocations are made by the Director of Agriculture based on recommendation by the Fairs Commission. Based on a merit rating, 85 percent of the funds are to be allocated to fairs; 10 percent to fairs for special assistance grants; and 5 percent to the Department of Agriculture for administration. Currently, 71 fairs and youth shows receive funding.

The source of revenue for the Fair Fund for many years was a portion of the state revenue from the parimutuel tax on horse racing. In 1992, \$2.8 million was allocated to fairs and youth shows from revenue derived from the parimutuel tax.

With the closure of Longacres track, and reduced gambling on horse racing, the revenues from the parimutuel tax declined to \$1.5 million in 1996. To provide relief to the horse racing industry, the parimutuel tax rate was reduced in 1998, and distributions to the Fair Fund were temporarily suspended subject to a sunset review.

In 1999, the Joint Legislative Audit and Review Committee conducted an evaluation of the parimutuel tax reduction. Due to the increased competition for gambling dollars, and with the goal of maintaining an economically viable horse racing industry, the Joint Legislative Audit and Review Committee recommended a permanent reduction of the parimutuel tax and that a different source of funding be identified to fund fairs.

During the 2000 session, a budget proviso created the Fair Funding Task Force to seek to identify a source and amount of funding for fairs and youth shows. In the October 2000 report, the task force recommended funding at \$3 million per year to be adjusted yearly by the amount of the fiscal growth factor. After looking at a number of options, the recommended source of funding was the state general fund.

Summary of Substitute Bill: Each fiscal year beginning with fiscal year 2002, \$2 million per year is transferred into the fair fund.

Substitute Bill Compared to Original Bill: The original bill transfers to the fair fund \$3 million from the general fund each fiscal year and will increase by the fiscal growth factor. The substitute transfers \$2 million.

Appropriation: Transfer of funds.

Fiscal Note: Requested on February 1, 2001.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For (Agriculture & International Trade): The primary beneficiaries of state funds provided for fairs and youth shows are the youth that exhibit at these events. Many youth involved in 4-H and Future Farmers of America are involved in projects which culminate with entering exhibits at fairs and youth shows. State funds allow local fairs to be reimbursed for the premiums paid to exhibitors which in return enhances the number and quality of exhibits. Fairs are important community events that involve many volunteers who dedicate their energy to assist youth.

Testimony Against (Agriculture & International Trade): None.

Testified (Agriculture & International Trade): PRO: Linda Johnson, WA Farm Bureau; Bethany Thompson, WA State FFA Assn.; Vivian Merker, North Thurston FFA; Ryan Thode, Onalaska FFA; Sarah Johnson, Thurston County 4-H; Leslie Emerich, WA State Dept. of Agriculture; Heather Hansen, WA State Fairs Assn.; Jim Halstrom, Northwest Racing.

Testimony For (Ways & Means): Fairs are significant educational experiences. This bill creates a stable source of funding.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): PRO: Heather Hansen, WA State Fairs Assn; Rick Storvick, Thurston County Fair; Mary Beth Lang, WA Department of Agriculture.