

HOUSE BILL REPORT

E2SSB 6386

As Reported by House Committee On: Appropriations

Title: An act relating to ensuring the funding of fairs.

Brief Description: Ensuring the funding of fairs.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Warnick, Takko, Rivers, Short, Becker, Hunt, Van De Wege, Schoesler, Braun, Honeyford, Conway, Wagoner and Zeiger).

Brief History:

Committee Activity:

Appropriations: 2/24/18, 2/26/18 [DP].

Brief Summary of Engrossed Second Substitute Bill

- Removes a \$2 million annual transfer from the State General Fund to the Fair Fund.
- Provides a total of between \$2 million and \$2.5 million in annual revenue to the Fair Fund through a combination of state retail sales tax revenue and State General Fund transfers.
- Changes the Fair Fund from a nonappropriated to an appropriated account.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 33 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist, Buys, Caldier, Cody, Condotta, Fitzgibbon, Graves, Haler, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Manweller, Pettigrew, Pollet, Sawyer, Schmick, Senn, Springer, Stanford, Sullivan, Taylor, Tharinger, Vick, Volz and Wilcox.

Staff: Dan Jones (786-7118).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Fair Fund is a state account administered by the Department of Agriculture (WSDA), which may only be used to provide assistance to agricultural fairs. Fairs that are eligible to receive funding include county, regional, or community fairs, as well as youth shows and fairs that meet certain criteria. Of the amounts provided to fairs, 85 percent is distributed to fairs according to merit ratings. The remaining 15 percent is for special assistance to fairs and for administrative expenses, with a limit of 5 percent on administrative expenses.

The Fair Fund receives a transfer of \$2 million each fiscal year from the State General Fund. The Fair Fund is nonappropriated, meaning that an appropriation from the Legislature is not required in order for moneys to be spent out of the account. Only the Director of the WSDA or the Director's designee may authorize expenditures.

Summary of Bill:

The transfer of \$2 million from the State General Fund to the Fair Fund is removed. A new funding mechanism for the Fair Fund is created, resulting in total revenue between \$2 million and \$2.5 million per fiscal year, as follows:

- State retail sales tax revenue received as the result of sales occurring during events held at fairgrounds where agricultural fairs occur must be deposited into the Fair Fund. This deposit to the Fair Fund may only occur if the Legislature authorizes the deposit in the biennial operating budget.
- By December 15 of each year, the Department of Revenue (DOR) must estimate the tax revenues for the next fiscal year resulting from the sales on fairgrounds.
- By April 15 of each fiscal year, the DOR must estimate the tax revenue received to date for the sales occurring during events held at fairgrounds and estimate the tax revenues expected for the remainder of the fiscal year. By April 30 of each fiscal year, the DOR must notify the State Treasurer of these estimates. If the estimate is less than \$2 million, the State Treasurer must transfer from the State General Fund into the Fair Fund the amount needed to ensure the minimum annual net deposit into the Fair Fund is \$2 million.
- The Department of Revenue must notify the State Treasurer when the moneys collected and deposited for a fiscal year reaches \$2.5 million. Any moneys collected in excess of \$2.5 million for the fiscal year must be deposited in the State General Fund.

The Fair Fund is changed from a nonappropriated to an appropriated account.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on October 1, 2018.

Staff Summary of Public Testimony:

(In support) This bill represents the first opportunity in 20 years for revenue to the Fair Fund to increase. Youth shows in rural counties are struggling, and the bill would allow sales tax generated by larger fairgrounds to support smaller fairgrounds. Agricultural fairs emphasize education, and fairs provide kids the opportunity to learn and practice teamwork, public service, and public speaking.

(Opposed) None.

Persons Testifying: Heather Hansen, Washington State Fairs Association.

Persons Signed In To Testify But Not Testifying: None.