

SENATE BILL REPORT

SB 5362

As of February 9, 2021

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

Brief Description: Ensuring the funding of agricultural fairs.

Sponsors: Senators McCune and Warnick.

Brief History:

Committee Activity: Agriculture, Water, Natural Resources & Parks: 2/09/21.

Brief Summary of Bill

- Eliminates a \$2 million annual transfer from the state general fund to the fair fund.
- Requires specified amounts be transferred or distributed annually to the fair fund from either certain retail sales tax revenues or the state general fund as appropriated in the omnibus operating appropriations act.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Staff: Karen Epps (786-7424)

Background: Agricultural Fairs. Agricultural fairs are fairs or exhibitions intended to promote agriculture by including, among other things, a balanced variety of exhibits of livestock and agricultural products. Agricultural fairs are divided into four categories:

- area fairs are organized to serve an area larger than one county;
- county and district fairs are organized to serve the interests of certain single counties;
- community fairs are organized primarily to serve a smaller area than an area fair or county fair; and
- youth shows and fairs serve three or more counties, educate and train rural youth, and

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are approved by Washington State University or the Office of the Superintendent of Public Instruction.

Fair Fund. State law requires that each fiscal year the state treasurer transfer \$2 million from the state general fund into the fair fund administered by the Washington State Department of Agriculture (WSDA). Ninety-five percent of all allocations from the fair fund must be distributed to agricultural fairs based on a merit rating system set up by the director. This merit rating must take into account certain factors, including:

- area and population served, attendance, gate receipts, and community support;
- open or youth participation and the number and type of exhibits;
- evidence of successful achievement of the aims and purposes of the fair; and
- extent of improvements made to grounds and facilities from year to year and the overall condition and appearance of grounds and facilities.

Any state allocations must be made only as a reimbursement for operating expenses incurred by the fairs. WSDA may use up to 10 percent for special assistance to any participating fair and may use the remaining 5 percent for expenses, including fair commission expenses.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): The \$2 million transfer each fiscal year from the state general fund to the fair fund is removed. The omnibus operating appropriations act must appropriate to the fair fund an amount equal to the greater of:

- \$2 million;
- beginning July 1, 2021, to June 30, 2023, the estimated amount of state retail sales tax collected on sales occurring at area fairs and county fairs, not to exceed \$2,750,000;
- from July 1, 2023, to June 30, 2025, the estimated amount of state retail sales tax occurring at area fairs and county fairs, not to exceed \$3,500,000; and
- beginning July 1, 2025, the estimated amount of state retail sales tax on sales occurring at area fairs and county fairs, not to exceed \$4 million.

The estimated amount of state retail sales tax collected on sales occurring at area fairs and county fairs must be determined by the Department of Revenue (DOR) and include only those amounts collected in the calendar year preceding the fiscal year for which a transfer is made. Estimates made by DOR may not be overturned by a court except upon a showing of willful misconduct by clear, cogent, and convincing evidence.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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