

# SENATE BILL REPORT

## SB 5260

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As of February 17, 1995

**Title:** An act relating to the fair fund.

**Brief Description:** Providing that the fair fund receive its proportionate share of earnings.

**Sponsors:** Senators Rasmussen, Newhouse, Bauer, Swecker, Fraser, Franklin, Hargrove, Snyder, Sellar, C. Anderson, Loveland, Prentice, Haugen, Morton, Moyer, A. Anderson, Owen, Sutherland, Gaspard, Roach, Prince, Deccio, Long, McDonald, Oke, Cantu, Winsley, Sheldon, McCaslin, Strannigan, McAuliffe, Schow, Hochstatter, Spanel, Palmer, Quigley, Wood, Hale and Drew.

**Brief History:**

**Committee Activity:** Ways & Means: 2/16/95.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Susan Lucas (786-7711)

**Background:** The State Treasurer's office manages over 300 funds. Prior to 1991, no consistent policy existed as to where the interest from various funds was to be deposited. Interest was often deposited in accordance with the statute that created a specific fund.

In 1991, significant changes were made to the statute which designates where funds' interest earnings will be deposited. The rationale for the 1991 legislation was that the disposition of interest income earned by these various funds varied considerably and that distribution of interest earnings should be based on general criteria. The criteria developed in the 1991 legislation that determine whether a fund retains its interest earnings are: 1) if a contractual agreement exists requiring that all revenues in the fund, including interest earnings, be spent for a specific purpose; 2) if income in the fund is derived from trust lands originally granted at statehood for a specified purpose; 3) if the revenues of the fund are collected by the state for distribution to local governments; 4) if the revenues of the fund are derived from state employee contributions to retirement and workers' compensation programs; or 5) if the revenues in the fund are dedicated to transportation related programs.

The fair fund is a separate, independent fund maintained outside the state treasury and it is administered by the Department of Agriculture for the sole purpose of assisting agricultural fairs through direct allocations to these fairs. An example of the type of expense paid through the fair fund is the cost of premiums or prizes awarded to fair participants, usually youth. The fair fund receives revenue from licenses and fees paid to the Horse Racing Commission by operators of horse racing facilities. The fair fund receives 46 percent of most of the licenses and fees paid.

**Summary of Bill:** The fair fund is added to the list of funds that receive interest earned on the fund balance.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on June 1, 1995.

**Testimony For:** Loss of its interest has hit the fair fund hard. The fair fund needs interest to support the activities of fairs around the state and to comply with new health and safety rules. Fairs are nonprofit; they do not spend general fund money. Fairs generate sales tax and other revenue for the state. Fairs provide a valuable activity for the state's youth.

**Testimony Against:** None.

**Testified:** Senator Marilyn Rasmussen; Marlyta Deck, Washington State Fairs Association.