

# FINAL BILL REPORT

## ESSB 5237

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Synopsis as Enacted

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

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Rasmussen, Swecker, Sheahan, Honeyford, West, Fraser, Kastama, Regala, Hewitt, Hale, Parlette, Morton, Hochstatter and Franklin).

**Senate Committee on Agriculture & International Trade**  
**Senate Committee on Ways & Means**

**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:** Each fiscal year, beginning with fiscal year 2002, \$2 million per year is transferred into the fair fund. An additional \$100,000 is appropriated for the upcoming fiscal year for special assistance grants to fairs.

**Votes on Final Passage:**

Senate 47 0

First Special Session

Senate 46 0

Second Special Session

Senate 43 0

House 85 0

**Effective:** September 20, 2001