

SENATE BILL REPORT

SB 5277

As Reported by Senate Committee On:
Ways & Means, February 25, 2019

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

Brief Description: Ensuring the funding of agricultural fairs.

Sponsors: Senators Warnick, Takko, Wagoner, Hunt, King, Van De Wege, Zeiger, Braun, Schoesler, Honeyford, Becker, Rivers and Short.

Brief History:

Committee Activity: Ways & Means: 1/23/19, 2/25/19 [DPS, w/oRec, DNP].

Brief Summary of First Substitute 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 the state general fund or certain retail sales tax revenues.
- Makes the transfer to the fair fund conditioned on the amount being authorized in the omnibus operating appropriations act.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5277 be substituted therefor, and the substitute bill do pass.

Signed by Senators Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Brown, Assistant Ranking Member, Operating; Bailey, Becker, Billig, Hunt, Keiser, Liias, Palumbo, Pedersen, Rivers, Van De Wege, Wagoner and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun, Ranking Member; Carlyle, Schoesler and Wilson, L..

Minority Report: Do not pass.

Signed by Senator Hasegawa.

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.

Staff: Jed Herman (786-7346), Alia Kennedy (786-7405)

Background: 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. Qualifying agricultural fairs are eligible to receive allocations from the fair fund after conducting two successful, consecutive annual fairs. With the exception of county fairs and some youth fairs, all allocations must be made only as reimbursement for premiums or prizes awarded to fair participants.

Eighty-five percent of all allocations from the fair fund must be distributed to agricultural fairs based on merit. The remaining 15 percent may be split between administrative expenses, which cannot exceed 5 percent, and special assistance for participating fairs.

Summary of Bill (First Substitute): The transfer of \$2 million 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, 2019, to June 30, 2021, the estimated amount of state retail sales tax collected on sales occurring at area fairs and county fairs, not to exceed \$3 million; or
- beginning July 1, 2021, 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.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Makes the transfer to the fair fund conditioned on the amount being authorized in the omnibus operating appropriations act.

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.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Fairs are extremely important to the

youth of our state. Over 40,000 people had exhibits at their local fair. Fairs teach children responsibility, analytical skills, and prepares them for their future.

Persons Testifying: PRO: John Morrison, Legislative Chair, Washington State Fairs Association.

Persons Signed In To Testify But Not Testifying: PRO: Daniel Hicks, Thurston County 4H; Sawyer Hicks, Thurston County 4-H.