

SENATE BILL REPORT

SB 6386

As Reported by Senate Committee On:
Agriculture, Water, Natural Resources & Parks, February 1, 2018
Ways & Means, February 6, 2018

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

Brief Description: Ensuring the funding of fairs.

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

Brief History:

Committee Activity: Agriculture, Water, Natural Resources & Parks: 1/25/18, 2/01/18 [DPS-WM].
Ways & Means: 2/05/18, 2/06/18 [DP2S, w/oRec].

Brief Summary of Second Substitute Bill

- Provides that 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 State Fair Fund (Fair Fund).
- Establishes that any monies collected in excess of \$2.5 million must be deposited in the general fund and if the retail sales tax revenue is estimated to be less than \$2 million, the state treasurer must transfer funds from the general fund to ensure that the annual net deposit into the Fair Fund is \$2 million.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: That Substitute Senate Bill No. 6386 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Van De Wege, Chair; McCoy, Vice Chair; Warnick, Ranking Member; Honeyford and Nelson.

Staff: Karen Epps (786-7424)

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.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6386 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair; Braun, Ranking Member; Bailey, Becker, Brown, Conway, Darneille, Fain, Hunt, Keiser, Mullet, Rivers, Schoesler, Van De Wege, Wagoner and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senators Billig, Carlyle, Hasegawa, Palumbo, Pedersen and Ranker.

Staff: Jed Herman (786-7346)

Background: Fair Fund. State law requires that each fiscal year the state treasurer transfer \$2 million from the 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 (Second Substitute): 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. By December 15 of each year, the Department of Revenue must estimate the tax revenues for the next fiscal year resulting from the sales on fairgrounds. By April 15 of each fiscal year, the Department of Revenue 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 Department of Revenue must notify the state treasurer of these estimates. If the estimate is less than \$2 million, the state treasurer must transfer from the 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 monies collected and deposited for a fiscal year reaches \$2.5 million. Any monies collected in excess of \$2.5 million for the fiscal year must be deposited in the general fund.

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

- Reduces the upper limit of state sales tax revenue to the fair fund from \$3 million to \$2.5 million per year.

EFFECT OF CHANGES MADE BY AGRICULTURE, WATER, NATURAL RESOURCES & PARKS COMMITTEE (First Substitute):

- Adds an effective date of October 1, 2018.

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 (Agriculture, Water, Natural Resources & Parks): *The committee recommended a different version of the bill than what was heard.* PRO: It is a struggle to fund the state's portion of fairs. This bill is designed to help in that regard. Fairs are an economic driver and it is important to keep these fairs going. This is not a new tax. It is a designation of existing sales tax that would tie the economic funding of the fair fund to the economic performance of fairs. Fairs have a positive economic impact in their local communities. This bill is one way to tie the fair fund and the economic impact of fairs together. The Fair Fund has not increased since 1961, so it is helpful to have both a floor of \$2 million and a ceiling of \$3 million. If fairs are doing well, the fund could go to \$3 million, which would mean a lot to a lot of fairs, including small fairs.

Persons Testifying (Agriculture, Water, Natural Resources & Parks): PRO: Senator Judy Warnick, Prime Sponsor; John Morrison, Washington State Fairs Association.

Persons Signed In To Testify But Not Testifying (Agriculture, Water, Natural Resources & Parks): PRO: Heather Hanson, Washington State Fairs Association; Carol Levanon, Clark County Citizens United, Inc.; Susan Rasmussen, Clark County Citizens United, Inc.

Staff Summary of Public Testimony on First Substitute (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: This bill is needed to help ensure the long-term funding of agricultural fairs. Funding for fairs has been uncertain in recent years. The bill applies to any event at fair grounds. Fairs are an important part of the fabric of our society. Fairs are important for our youth programs, like 4H. We need this bill to help attract more youth and get kids away from the screen.

Persons Testifying (Ways & Means): PRO: Senator Judy Warnick, Prime Sponsor; Heather Hansen, Washington State Fairs Association; Sara Stewart, citizen; Peggy Zimmerman, Thurston County Fair Board.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.