

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2345

Introduced by Assembly Member Ma

February 24, 2012

An act to add Part 6 (commencing with Section 4801) to Division 3 of the Food and Agricultural Code, relating to fairs.

LEGISLATIVE COUNSEL'S DIGEST

AB 2345, as amended, Ma. Fairs: sustainability.

Existing law governs fairs and expositions in this state, including the California Exposition and State Fair, county and district fairs, and citrus fruit fairs. *Existing law divides the state into agricultural districts and authorizes 50 or more persons who are residents of a district to form district agricultural associations for the purpose of holding fairs, expositions, and exhibitions, as specified. Existing law provides that district agricultural associations are state institutions and are governed by a board of directors whose members are appointed by the Governor. Existing law authorizes an association to carry out specified duties with the approval of the Department of Food and Agriculture and the Department of General Services, including contracting and leasing its real property.*

Existing law establishes the Fair and Exposition Fund. Existing law provides for the deposit of various funds, including license fees from various activities related to horse racing, including satellite wagering, into the fund. Existing law authorizes the Department of Food and Agriculture to make and administer loans from the fund to any fair in the network of California fairs, as specified.

This bill would ~~express the intent of the Legislature to enact legislation to ensure the sustainability of the network of California fairs~~ establish the California Fair Network Commission as a separate, independent nonprofit mutual benefit corporation to assess the fairs fees for service and administrative oversight, as specified. The bill would authorize the commission to employ staff who are employees of the commission and would require the commission to adopt procedures concerning the operation of the commission. The bill would set forth a related statement of legislative findings and declarations.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Part 6 (commencing with Section 4801) is added
2 to Division 3 of the Food and Agricultural Code, to read:

3
4 PART 6. CALIFORNIA FAIR NETWORK COMMISSION

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6 CHAPTER 1. FINDINGS AND DECLARATIONS

7
8 4801. The Legislature hereby finds and declares all of the
9 following:

10 (a) The network of California fairs is a unique cultural,
11 commercial, and agricultural resource that requires preservation
12 and protection for future generations.

13 (b) California’s network of fairs is the largest in the nation and
14 includes 72 fairgrounds which showcase and support California
15 agriculture, provide entertainment for millions of Californians,
16 and provide resources, facilities, and places of sanctuary during
17 times of natural emergency.

18 (c) California’s network of fairs hosts more than 30,000,000
19 visitors annually and provides an important tourism attraction for
20 this state.

21 (d) California’s network of fairs generates over \$165,000,000
22 in tax revenue to state and local government and provides 30,000
23 jobs for Californians.

24 (e) The budget for California’s network of fairs has not kept
25 pace with the state’s population growth and growing demand. The
26 annual budget for fairs has been significantly below the amount

1 *necessary to maintain the fairgrounds, resulting in a significant*
2 *backlog of deferred maintenance, inadequate staffing, and the*
3 *failure to protect fair resources and maintain fair facilities as*
4 *necessary to enable the fairs to carry out their mission of public*
5 *service.*

6 *(f) Current declining budget resources will force the closure of*
7 *fairs throughout the state, result in the loss of jobs, and diminish*
8 *the utility of fairgrounds as staging areas for emergency*
9 *responders.*

10 *(g) It is in the public interest that California's network of fairs*
11 *continues to promote agriculture and commerce, provide jobs,*
12 *and provide facilities for emergency services during times of*
13 *natural disaster.*

14 *(h) State funding, while an important component of California's*
15 *network of fairs, is no longer sufficient to meet the threshold levels*
16 *of funding necessary to maintain and operate the fair network.*

17 *(i) For a period of three years, while fairs transition away from*
18 *state funding, it will be necessary for the state to provide minimal*
19 *levels of funding to California's network of fairs to ensure a smooth*
20 *and financially viable transition. In that regard:*

21 *(1) It is in the state's public interest and vital to the welfare of*
22 *the state's economy to improve the fair's facilities and expand*
23 *access to California's network of fairs through a cooperative*
24 *partnership funded in part by the state that will allow for a new*
25 *generation of fairs to exist in California.*

26 *(2) The mechanism established by this part is intended to play*
27 *a unique role in advancing the opportunity to expand and improve*
28 *California's network of fairs, and is intended to increase the*
29 *opportunity for Californians to benefit from the network and the*
30 *industry that supports the network.*

31 *(3) Programs implemented pursuant to this part are intended*
32 *to augment and enhance the marketing activities of individual fairs*
33 *within the network.*

34 *(4) While it is recognized that smaller fairs throughout the*
35 *network often lack the resources or market power to conduct*
36 *certain activities on their own, the programs are intended to be of*
37 *benefit to fairs of all sizes.*

38 *(5) These programs are not intended to, and they do not, impede*
39 *the right or ability of any fair to conduct activities designed to*
40 *increase the market generally or their own respective shares of*

1 *the California network of fairs, and nothing in the mechanism*
 2 *established by this part shall prevent an individual fair in the*
 3 *network from seeking to expand its market through alternative or*
 4 *complementary means, or both.*

5 (6) *This part creates a mechanism to fund oversight of the*
 6 *network and promotions that, pursuant to the required supervision*
 7 *and oversight of the secretary as specified in this part, further*
 8 *specific governmental goals, as established by the Legislature,*
 9 *and result in a program that provides uniformity in regulation and*
 10 *oversight and opportunities for growth of the entire network.*

11 (7) *The programs implemented pursuant to this part shall be*
 12 *carried out in an effective and coordinated manner that is designed*
 13 *to strengthen California's network of fairs, local communities,*
 14 *and the state's economy as a whole.*

15 (8) *Independent evaluation of the effectiveness of the programs*
 16 *will assist the Legislature in ensuring the objectives of the*
 17 *programs as set out in this section are met.*

18

19

CHAPTER 2. DEFINITIONS

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21 4802. *Unless the context otherwise requires, the definitions in*
 22 *this section govern the construction of this part.*

23 (a) *"Commission" means the California Fair Network*
 24 *Commission.*

25 (b) *"Department" means the Department of Food and*
 26 *Agriculture.*

27 (c) *"Fair" means a state designated fair as defined in Section*
 28 *19418 of the Business and Professions Code.*

29 (d) *"Network" means the network of California fairs.*

30 (e) *"Person" means an individual, public entity, firm,*
 31 *corporation, association, or any other business unit, whether*
 32 *operating on a for-profit or nonprofit basis.*

33 (f) *"Secretary" means the Secretary of Food and Agriculture.*

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CHAPTER 3. THE CALIFORNIA FAIR NETWORK COMMISSION

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 37 4803. (a) (1) *The Legislature finds and declares that the*
 38 *commission, in consultation with the secretary, is responsible for*
 39 *ensuring the integrity of the Fair and Exposition Fund,*
 40 *administering allocations from the fund to the network of*

1 California fairs and providing oversight of activities carried out
2 by each California fair.

3 (2) Oversight shall include, but not be limited to, the following:

4 (A) Monitoring the solvency of the Fair and Exposition Fund.

5 (B) Distributing available state resources to the network of
6 California fairs based on criteria for state allocations developed
7 by the commission and approved by the secretary. The criteria for
8 the distribution of available state resources to the network of
9 California fairs shall not include a consideration of the structure
10 that governs the fair.

11 (C) Creating a framework for administration of the network of
12 California fairs allowing for maximum autonomy and local
13 decisionmaking authority, and conducting, or causing to be
14 conducted, annual fiscal audits and periodic compliance audits.

15 (D) Guiding and providing incentives to fairs to seek matching
16 funds and generate new revenue from a variety of sources.

17 (E) Supporting continuous improvement of fair programming
18 to ensure that California fairs remain highly relevant community
19 institutions.

20 (F) Developing protocols and procedures for contract
21 administration and approval, insurance compliance, and other
22 administrative functions.

23 (b) The commission may assess fairs fees for services and
24 administrative oversight to include the costs of budget
25 administration, contract approval, pooled insurance, construction
26 and planning services, and other costs as determined by the
27 commission.

28 4804. (a) The commission is a separate, independent
29 California nonprofit mutual benefit corporation. The staff of the
30 commission shall be employees solely of the commission. The
31 procedures adopted by the commission shall not be subject to the
32 Administrative Procedure Act (Chapter 3.5 (commencing with
33 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
34 Code).

35 (b) Not later than six months following the date of the enactment
36 of this part, the commission shall adopt procedures concerning
37 the operation of the commission.

38 (c) If the commission fails to adopt the procedures described
39 in subdivision (b) within the specified timeframe, the secretary
40 shall adopt procedures for use by the commission until the

1 commission adopts its own procedures. These procedures shall be
2 exempt from the Administrative Procedure Act (Chapter 3.5
3 (commencing with Section 11340) of Part 1 of Division 3 of Title
4 2 of the Government Code), whether adopted by the commission
5 or the secretary.

6 4805. (a) The commission shall be administered by an
7 executive director. That individual shall be a fair industry
8 professional, recommended by a vote of the commissioners and
9 approved by the Governor. The executive director shall serve at
10 the pleasure of the commissioners.

11 (b) The executive director shall report to and receive overall
12 guidance from the commission, and shall implement the
13 commission’s business plan. The executive director shall report
14 to the secretary for day-to-day managerial and financial
15 responsibilities.

16 (c) The salary and benefits of the executive director shall be
17 determined by the commission, and approved by the secretary,
18 based upon industry standards for a fair industry executive with
19 a budget of similar size. The entire salary and all benefits of the
20 executive director shall be paid from commission revenues.

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22 CHAPTER 4. DUTIES AND POWERS OF THE COMMISSION

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24 4809. The following powers, and any other powers provided
25 in this act, shall be the responsibility of the secretary and, when
26 not exercised by the secretary, may be exercised by the commission:

27 (a) Collect and deposit revenues.

28 (b) All of the powers and duties stipulated in Section 4803.

29 ~~SECTION 1. It is the intent of the Legislature to enact~~
30 ~~legislation to ensure the sustainability of the network of California~~
31 ~~fairs.~~