

AMENDED IN SENATE MAY 28, 2013
AMENDED IN SENATE APRIL 24, 2013
AMENDED IN SENATE APRIL 10, 2013

SENATE BILL

No. 741

Introduced by Senator Cannella

**(Coauthors: Senators Berryhill, Fuller, Gaines, *Galgiani*, and
Nielsen)**

(Coauthors: Assembly Members Achadjian, Alejo, Bigelow, Dahle,
Gray, Olsen, Perea, V. Manuel Pérez, Salas, and Williams)

February 22, 2013

An act to amend Sections 19606.1, 19614, 19620, and 19620.2 of, and to repeal Sections 19608.3 and 19620.1 of, the Business and Professions Code, to amend Sections 3954, 3965, 3965.1, and 3967 of, to repeal Sections 4051.1, 4051.2, 4057, and 4401.5 of, and to repeal and add Sections 3200, 4051, and 4053 of, the Food and Agricultural Code, and to amend Section 11011.2 of the Government Code, relating to fairs, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 741, as amended, Cannella. California fairs: funding.

(1) Existing law regulates horse racing in this state and provides, among other things, for the payment and distribution of license fees in connection with horse racing meetings. Existing law establishes the Fair and Exposition Fund to, among other things, allocate moneys for the support of the network of California fairs. Existing law requires certain license fees from satellite wagering to be deposited into a separate account in the Fair and Exposition Fund, and continuously

appropriates those moneys for specified purposes, including, among others, the payment of expenses incurred in establishing and operating satellite wagering facilities at fairs.

This bill would delete the provisions requiring satellite wagering license fees to be deposited into a separate account in the Fair and Exposition Fund and to be continuously appropriated for specified purposes. The bill would instead require certain revenues paid by racing associations and fairs generated by parimutuel wagering and certain revenues from live races paid by fair racing associations as license fees to be deposited into the Fair and Exposition Fund and would require those funds to be continuously appropriated for various purposes, including, among others, capital improvements at fairgrounds. The bill would also require all funds appropriated for California fairs and expositions to be deposited into the Fair and Exposition Fund and would continuously appropriate those funds for various purposes. By continuously appropriating the funds in the Fair and Exposition Fund, the bill would make an appropriation.

(2) Existing law provides that the Department of Food and Agriculture is responsible for providing oversight of activities carried out by each California fair, including, but not limited to, conducting fiscal and performance audits of county fairs and citrus fruit fairs that are either requested by the fair or that the department deems necessary, and conducting, or causing to be conducted, annual fiscal audits and periodic compliance audits.

This bill would delete the requirement that the department conduct the audits described above and would instead require the department to provide that the books and accounts for the prior calendar year of all fairs receiving money from the Fair and Exposition Fund be examined and reviewed annually and audited once every 3 years by an independent certified public accountant or certified public accountancy firm. The bill would require a summary of the examination to be appended to the fair's annual statement of operation, and would provide that the costs of the annual review or audit be the responsibility of each fair.

(3) Existing law requires the Legislature, from the total revenue received from the Department of Food and Agriculture, to annually appropriate moneys to the department as it deems necessary for the oversight of the network of California fairs and to perform audits. Existing law continuously appropriates any of those funds that are unallocated to the Secretary of Food and Agriculture for specified purposes.

This bill would delete those provisions and instead would appropriate any unallocated balance in the Fair and Exposition Fund without regard to fiscal years for allocation by the secretary for capital outlay to California fairs for specified purposes. The bill would also specify that ~~no more than 10%~~ *a reasonable amount* of those funds, *as determined by the secretary*, may be used during any year by the Division of Fairs and Expositions to provide oversight and administration of the network of fairs. The bill would require the secretary to annually project the available funds from the Fair and Exposition Fund and to prepare an annual expenditure plan for review and approval by the Joint Committee on Fairs, Allocation, and Classification. The bill would require the secretary's recommendations to be deemed approved 30 days after they are received unless they are rejected by the committee.

(4) Existing law divides the state into agricultural districts and provides for the management of these districts by district agricultural associations. Existing law provides for a board of directors for each district agricultural association, and provides for the appointment of each director by the Governor.

~~This bill would authorize the Governor to remove a director for cause, upon recommendation by the board. The bill would require the board to adopt a policy and procedure outlining the vote threshold necessary to recommend the removal of a director.~~ *cause within one year of the director's appointment.*

(5) Existing law specifies the duties and responsibilities of district agricultural associations, and requires a district agricultural association to obtain the approval of the Department of Food and Agriculture prior to exercising certain powers, including, among others, the power to sue. Existing law also requires a district agricultural association to obtain the approval of both the Department of Food and Agriculture and the Department of General Services in order to exercise certain other powers, including the power to conduct activities upon the district agricultural association's property, contract, purchase, or convey an interest in either real or personal property, or to use or manage its real estate or personal property.

This bill would revise the duties and responsibilities of the Department of Food and Agriculture and the Department of General Services with respect to district agricultural associations, and, among other things, would delete the requirement that a district agricultural association obtain the Department of Food and Agriculture's approval prior to suing. The bill would also delete the requirement that a district

agricultural association obtain prior approval from both the Department of Food and Agriculture and the Department of General Services prior to conducting activities upon the district agricultural association's own property, or entering into a contract or exercising powers over its own real or personal property. ~~The bill would require the board of directors of a district agricultural association to adopt policies and procedures for contracts, including adopting and publishing competitive bidding procedures for the award of any procurement or contract involving an expenditure of more than \$100,000, and would require a district agricultural association to contract in accordance with those procedures.~~ The bill would also require a district agricultural association to comply with specified contracting procedures, *including, among others, soliciting bids in writing* if the estimated total cost of a project exceeds \$25,000, as specified. The bill would require a district agricultural association to adopt a fiscal review policy to conduct audits at regular intervals, as specified, and would authorize the Department of Food and Agriculture to require an audit to be conducted at an earlier time if the department deems it necessary to protect the interests of the district agricultural association. The bill would specify that the title, control, and possession of all personal property acquired, held, managed, or operated by a district agricultural association vests with the district agricultural association. The bill would delete a provision requiring the Secretary of Food and Agriculture to expend up to \$100,000 each fiscal year for an exhibit or exhibits at a fair that demonstrates the process of production and use of food and fiber, and would also delete a requirement that the secretary provide for a conference of fair judges to aid the Department of Food and Agriculture in prescribing regulations, and to expend up to \$15,000 for that purpose. The bill would make other conforming and related changes.

(6) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. Section 19606.1 of the Business and Professions
- 2 Code is amended to read:
- 3 19606.1. (a) All revenues transferred pursuant to Section
- 4 19616.52 and subdivision (d) of Section 19614 shall be deposited

1 in the Fair and Exposition Fund and, notwithstanding Section
2 13340 of the Government Code, are continuously appropriated
3 from the fund to the Department of Food and Agriculture, for
4 allocation by the Secretary of Food and Agriculture, at his or her
5 discretion, for the purposes set forth in paragraphs (1) to (6),
6 inclusive. The concurrence of the Director of Finance shall be
7 required for allocations pursuant to paragraphs (1) and (2).
8 Allocations pursuant to paragraphs (3) to (6), inclusive, shall be
9 made with the concurrence of the Joint Committee on Fairs,
10 Allocation, and Classification.

11 (1) For the repayment of the principal of, interest on, and costs
12 of issuance of, and as security, including any coverage factor,
13 pledged to the payment of, bonds issued or to be issued by a joint
14 powers agency or other debt service or expense, including
15 repayment of any advances made or security required by any
16 provider of credit enhancement or liquidity for those bonds or
17 other indebtedness or expenses of maintaining that credit
18 enhancement or liquidity, incurred for the purpose of constructing
19 or acquiring improvements at a fair's racetrack inclosure, satellite
20 wagering facilities at fairs, health and safety repair projects, or
21 handicapped access compliance projects at fairs or for the purpose
22 of refunding bonds or other indebtedness incurred for those
23 purposes. As used in this paragraph, "coverage factor" means
24 revenues in excess of the amount necessary to pay debt service on
25 the bonds or other indebtedness, up to an amount equal to 100
26 percent more than the amount of that debt service, which a joint
27 powers agency, pursuant to the resolution or indenture under which
28 the bonds or other indebtedness are or will be issued, pledges as
29 additional security for the payment of that debt service or is
30 required to have or maintain as a condition to the issuance of
31 additional bonds or other indebtedness. Notwithstanding any other
32 law, the department may also commit any funds available for
33 allocation under Article 10 (commencing with Section 19620) to
34 complete projects funded under this paragraph in the priority
35 described in this paragraph.

36 (2) For payment to the State Race Track Leasing Commission
37 to be pledged for the repayment of debt necessary to construct a
38 racetrack grandstand at the 22nd District Agricultural Association
39 fairgrounds. This payment shall be made only if the secretary
40 determines, annually, that all other pledged revenues have been

1 applied to the repayment of that debt and have been determined
2 by the secretary to be inadequate for that purpose.

3 (3) For the general support of the network of California fairs
4 pursuant to the provisions of this chapter.

5 (4) For health and safety repair projects at fairs, including fire
6 and life safety improvement projects, regulatory compliance
7 projects, and long-term deferred maintenance projects.

8 (5) For capital improvements at fairgrounds. In making
9 determinations to fund capital improvements pursuant to this
10 paragraph, the secretary may grant priority status to renewable
11 energy generation projects.

12 (6) For the payment of expenses incurred in developing and
13 operating revenue generating projects at fairs, or which directly
14 benefit fairs, including the payment of expenses incurred in
15 establishing and operating horse racing facilities, industry training,
16 the establishment of pilot projects to restructure the current fair
17 system, and for projects realizing a cost savings for more efficient
18 utilization of existing fair resources.

19 (b) The secretary may not make an allocation for purposes of
20 paragraphs (2) to (6), inclusive, of subdivision (a) until the
21 payments required in any fiscal year pursuant to paragraph (1) of
22 subdivision (a) have been funded.

23 (c) Pursuant to subdivision (a), the Joint Committee on Fairs,
24 Allocation, and Classification shall review and concur, or not
25 concur, with the secretary's determination of the allocations to be
26 made pursuant to paragraphs (3) to (6), inclusive, of subdivision
27 (a) in total, and the committee may not add to, or delete projects
28 or line items from, the proposed allocations.

29 (d) The secretary's recommendations to the Joint Committee
30 on Fairs, Allocation, and Classification shall be deemed approved
31 30 days after they are received unless they are rejected by the
32 committee.

33 (e) If the Joint Committee on Fairs, Allocation, and
34 Classification does not concur with the secretary's
35 recommendations, the secretary may submit another set of
36 recommendations to the committee pursuant to this section.

37 (f) The payments required in any fiscal year for the purposes
38 of paragraphs (1) and (2) of subdivision (a) shall be made before
39 the secretary may utilize any moneys pursuant to subdivision (g).

1 (g) Except as otherwise provided in subdivision (f), when the
2 revenues deposited in the Fair and Exposition Fund exceed the
3 amount necessary to satisfy the purposes of paragraphs (1) and (2)
4 of subdivision (a), the secretary may utilize the excess amounts
5 plus the amounts deposited to the credit of the Fair and Exposition
6 Fund pursuant to revenues deposited to the credit of the fund to
7 make allocations from the fund for the purposes of Section 19620.2.

8 SEC. 2. Section 19608.3 of the Business and Professions Code
9 is repealed.

10 SEC. 3. Section 19614 of the Business and Professions Code
11 is amended to read:

12 19614. (a) Notwithstanding Sections 19611 and 19612, and
13 except for an association that qualifies pursuant to Section 19612.6,
14 for a fair conducting a live racing meeting, 1 percent of the total
15 amount handled on live races, excluding wagering at a satellite
16 facility, shall be retained by the fair association for payment to the
17 state as a license fee.

18 (b) Additionally, 0.48 percent of the total amount handled on
19 live racing, excluding wagering at a satellite facility, shall be
20 deposited with the official registering agency pursuant to
21 subdivision (a) of Section 19617.2, and shall thereafter be
22 distributed in accordance with subdivisions (b), (c), and (d) of
23 Section 19617.2.

24 (c) (1) After distribution of the applicable amounts as set forth
25 in subdivisions (a) and (b) and the payments made pursuant to
26 other relevant sections of this chapter, all funds remaining from
27 the deductions provided in Section 19610 shall be distributed 47.5
28 percent as commissions and 52.5 percent as purses. From the
29 amount distributed as thoroughbred purses, a sum equal to 0.07
30 percent of the total handle shall be held by the association to be
31 deposited with the official registering agency pursuant to
32 subdivision (a) of Section 19617.2, and shall thereafter be
33 distributed in accordance with subdivisions (b), (c), and (d) of
34 Section 19617.2.

35 (2) Any additional amount generated for purses and not
36 distributed during the previous corresponding meeting shall be
37 added to the purses at the current meeting.

38 (d) In addition to the amounts deducted pursuant to Section
39 19610, any fair racing association shall deduct 1 percent from the
40 total amount handled in its daily conventional and exotic

1 parimutuel pools. The additional 1 percent shall be deposited in
2 the Fair and Exposition Fund and is hereby appropriated for the
3 purposes specified in paragraph (6) of subdivision (a) of Section
4 19606.1.

5 SEC. 4. Section 19620 of the Business and Professions Code
6 is amended to read:

7 19620. (a) The Legislature finds and declares that the
8 Department of Food and Agriculture is responsible for ensuring
9 the integrity of the Fair and Exposition Fund, administering
10 allocations from the fund to the network of California fairs, as
11 defined in Sections 19418 to 19418.3, inclusive, and providing
12 oversight of activities carried out by each California fair.

13 (b) Oversight shall include, but not be limited to, the following:

14 (1) Monitoring the solvency of the Fair and Exposition Fund.

15 (2) Distributing available state resources to the network of
16 California fairs based on criteria for state allocations approved by
17 the Secretary of Food and Agriculture. The criteria for the
18 distribution of available state resources to the network of California
19 fairs shall not include a consideration of the structure that governs
20 the fair.

21 (3) Creating a framework for administration of the network of
22 California fairs allowing for maximum autonomy and local
23 decisionmaking authority, and conducting, or causing to be
24 conducted, annual fiscal reviews.

25 (4) Requiring books and accounts for the prior calendar year of
26 all fairs receiving money from the fund to be examined and
27 reviewed annually and audited once every three years by an
28 independent certified public accountant or certified public
29 accountancy firm selected by the fair. A summary of this
30 examination, certified by the selected certified public accountant
31 or certified public accountancy firm, shall be appended to the fair's
32 annual statement of operations, along with the accountant or
33 accounting firm's recommendations, for the approval of the
34 secretary. The cost of a fair's annual review or audit shall be the
35 responsibility of each fair. With the approval of the secretary, two
36 or more fairs may conduct or contract for a joint review or audit.

37 (5) Guiding and providing incentives to fairs to seek matching
38 funds and generate new revenue from a variety of sources.

1 (6) Supporting continuous improvement of fair programming
2 to ensure that California fairs remain highly relevant community
3 institutions.

4 SEC. 5. Section 19620.1 of the Business and Professions Code
5 is repealed.

6 SEC. 6. Section 19620.2 of the Business and Professions Code
7 is amended to read:

8 19620.2. (a) Any unallocated balance in the Fair and
9 Exposition Fund is hereby appropriated without regard to fiscal
10 years for allocation by the Secretary of Food and Agriculture for
11 capital outlay to California fairs for fair projects involving public
12 health and safety, for fair projects involving major and deferred
13 maintenance, for fair projects necessary due to any emergency,
14 for projects that are required by physical changes to the fair site,
15 for projects that are required to protect the fair property or
16 installation, such as fencing and flood protection, and for the
17 acquisition or improvement of any property or facility that will
18 serve to enhance the operation of the fair.

19 (b) A portion of the funds subject to allocation pursuant to
20 subdivision (a) may be allocated to California fairs for general
21 operational support. It is the intent of the Legislature that these
22 moneys be used primarily for those fairs whose sources of revenue
23 may be limited for purposes specified in this section.

24 (c) ~~Not more than 10 percent~~ *As determined by the secretary,*
25 *a reasonable amount* of the funds specified in subdivision (a) may
26 be used during any year by the Division of Fairs and Expositions
27 to provide oversight and administration of the network of California
28 fairs pursuant to this chapter.

29 (d) The secretary shall annually project the available funds from
30 the Fair and Exposition Fund and shall advise the Joint Committee
31 on Fairs, Allocation, and Classification of the administrative budget
32 of the Division of Fairs and Expositions and the additional staff
33 and contracts necessary to develop and administer an operational
34 and policy framework to oversee the network of California fairs
35 and include that amount in the annual expenditure plan described
36 in subdivision (e).

37 (e) The secretary shall prepare an annual expenditure plan for
38 use of the moneys available from the Fair and Exposition Fund
39 for review and approval by the Joint Committee on Fairs,
40 Allocation, and Classification. The Joint Committee on ~~Fairs~~ *Fairs*,

1 Allocation, and Classification shall review and concur, or not
2 concur, with the spending plan in total, and shall not add to, or
3 delete projects or line items from, the proposed allocation.

4 (f) The secretary's recommendations to the Joint Committee on
5 Fairs, Allocation, and Classification shall be deemed approved 30
6 days after they are received unless they are rejected by the
7 committee.

8 (g) If the Joint Committee on Fairs, Allocation, and
9 Classification does not concur with the secretary's
10 recommendations, the secretary may submit another set of
11 recommendations to the committee.

12 SEC. 7. Section 3200 of the Food and Agricultural Code is
13 repealed.

14 SEC. 8. Section 3200 is added to the Food and Agricultural
15 Code, to read:

16 3200. (a) The Legislature finds and declares that funding for
17 the network of California fairs is a cooperative venture and is
18 anticipated to be generated from multiple sources, public and
19 private. Because of the benefits that accrue to the state and to its
20 residents by virtue of having the fair industry participate
21 cooperatively with the state for the purpose of effectively
22 overseeing and promoting fairs within the state, the Legislature
23 finds and declares that the fairs shall work collectively to identify
24 and designate new funding sources for fairs to be utilized for the
25 benefit of all fairs in the network.

26 (b) Notwithstanding any other law, all funds appropriated for
27 California fairs and expositions pursuant to this chapter or any
28 other law shall be deposited in the Fair and Exposition Fund and
29 are continuously appropriated as specified in Sections 19606.1
30 and 19620.2 of the Business and Professions Code.

31 (c) Notwithstanding Article 2 (commencing with Section 11270)
32 of Chapter 3 of Part 1 of Division 3 of Title 2 of the Government
33 Code relating to administrative costs, the California Exposition
34 and State Fair and the fairs specified in Sections 19418.1, 19418.2,
35 and 19418.3 of the Business and Professions Code shall only be
36 assessed and pay a share of those costs directly related to personnel
37 administration and no other administrative costs for services from
38 other state agencies except costs for services rendered pursuant to
39 specific contracts entered into with other state agencies.

1 SEC. 9. Section 3954 of the Food and Agricultural Code is
2 amended to read:

3 3954. Each association by its name has perpetual succession.
4 It may have a seal. An association may be sued and may sue, and
5 may do any and all things necessary to carry out the powers and
6 the objects and purposes for which the association is formed.

7 SEC. 10. Section 3965 of the Food and Agricultural Code is
8 amended to read:

9 3965. The board may, with the approval of the department:

10 (a) Fix the term of office, the amount of bond, salary, and
11 prescribe the duties of the secretary and of the treasurer.

12 (b) Manage the affairs of the association.

13 (c) Make all necessary bylaws, rules, and regulations for the
14 government of the association.

15 (d) Delegate, as it may deem advisable, to its officers or
16 employees any of the powers that are vested in the board under
17 subdivision (b). Any delegation of power may be revoked at any
18 time.

19 SEC. 11. Section 3965.1 of the Food and Agricultural Code is
20 amended to read:

21 3965.1. (a) Notwithstanding Section 3965 or 4051, the board
22 may arrange for and conduct, or cause to be conducted, or by
23 contract permit to be conducted, by any other individual, institution,
24 corporation, or association, upon its property at a time as it may
25 be deemed advisable, any activity.

26 (b) Notwithstanding subdivision (a), revenue generating
27 contracts involving hazardous activities shall not be approved by
28 the board unless adequate insurance coverage is provided, as
29 determined by the department in consultation with the Department
30 of General Services.

31 SEC. 12. Section 3967 of the Food and Agricultural Code is
32 amended to read:

33 3967. (a) Any director who misses three consecutive regular
34 meetings of the board without the permission of the board is
35 deemed to have resigned from the board.

36 ~~(b) (1) A director may be removed for cause by the Governor,~~
37 ~~upon recommendation by the board.~~

38 ~~(2) The board shall adopt a policy and procedure outlining the~~
39 ~~vote threshold necessary to remove a director pursuant paragraph~~
40 ~~(1).~~

1 **(b) The Governor may remove a director for cause within one**
2 *year of the director's appointment.*

3 SEC. 13. Section 4051 of the Food and Agricultural Code is
4 repealed.

5 SEC. 14. Section 4051 is added to the Food and Agricultural
6 Code, to read:

7 4051. (a) Subject only to the conditions specified in this
8 chapter, an association may do any of the following:

9 (1) Contract in accordance with all of the following:

10 (A) ~~The association shall develop, maintain, and comply with~~
11 ~~its own written policies and procedures for contracting.~~

12 ~~(B) Notwithstanding any other law, in developing the policies~~
13 ~~and procedures referenced in subparagraph (A), the board shall~~
14 ~~incorporate the following to apply to contracts entered into or~~
15 ~~procurement by a district agricultural association:~~

16 ~~(i) To ensure the fullest competition, the board shall adopt and~~
17 ~~publish competitive bidding procedures for the award of any~~
18 ~~procurement or contract involving an expenditure of more than~~
19 ~~one hundred thousand dollars (\$100,000). The competitive bidding~~
20 ~~procedures shall include, but not be limited to, requirements for~~
21 ~~submission of bids and accompanying documentation, guidelines~~
22 ~~for the use of requests for proposals, invitations to bid, or other~~
23 ~~methods of bidding, and a bid protest procedure. The general~~
24 ~~manager on behalf of the district agricultural association shall~~
25 ~~determine whether the goods subject to this paragraph are available~~
26 ~~through existing contracts or price schedules of the Department~~
27 ~~of General Services. The Legislature finds and declares that fairs~~
28 ~~are a valuable community resource and recognizes that local~~
29 ~~businesses and local communities make valuable contributions to~~
30 ~~fairs that include direct and indirect support of fair programs. The~~
31 ~~Legislature further finds and declares that local businesses often~~
32 ~~provide opportunity purchases to local fairs that, for similar things~~
33 ~~available through the state purchasing program, may be purchased~~
34 ~~locally at a price equivalent to or less than that available through~~
35 ~~the state purchasing program. As used in this paragraph,~~
36 ~~“opportunity purchases” means purchases made locally, either~~
37 ~~individually or cooperatively, at a price equal to or less than the~~
38 ~~price available through the state purchasing program on or off state~~
39 ~~contract.~~

1 ~~(ii) The contracting standards, procedures, and rules contained~~
2 ~~in this subdivision shall also apply to any subcontract involving~~
3 ~~an expenditure of more than one hundred thousand dollars~~
4 ~~(\$100,000). The board shall establish, as part of the bidding~~
5 ~~procedures for general contracts, subcontracting guidelines that~~
6 ~~implement this requirement.~~

7 ~~(iii) The board is subject to the Small Business Procurement~~
8 ~~and Contract Act (Chapter 6.5 (commencing with Section 14835)~~
9 ~~of Part 5.5 of Division 3 of Title 2 of the Government Code).~~

10 ~~(iv) Notwithstanding clauses (i) and (ii), if~~

11 ~~(A) All applicable state laws governing contracts, except as~~
12 ~~follows:~~

13 ~~(i) A contract entered into by an association for goods is not~~
14 ~~subject to Chapter 2 (commencing with Section 10290) of Part 2~~
15 ~~of Division 2 of the Public Contract Code.~~

16 ~~(ii) Any contract entered into by an association is not subject~~
17 ~~to Chapter 3 (commencing with Section 12100) of Part 2 of~~
18 ~~Division 2 of the Public Contract Code.~~

19 ~~(B) If the estimated total cost of any construction project or~~
20 ~~similar work carried out under this section exceeds twenty-five~~
21 ~~thousand dollars (\$25,000), the district agricultural association~~
22 ~~shall solicit bids in writing and shall award the work to the lowest~~
23 ~~responsible bidder or reject all bids. The district agricultural~~
24 ~~association is subject to all applicable provisions of the Public~~
25 ~~Contract Code.~~

26 ~~(v)~~

27 ~~(C) A district agricultural association may elect to become~~
28 ~~subject to the provisions of the Uniform Public Construction Cost~~
29 ~~Accounting Act (Chapter 2 (commencing with Section 22000) of~~
30 ~~Part 3 of Division 2 of the Public Contract Code).~~

31 ~~(2) Accept funds or gifts of value from the United States or any~~
32 ~~person to aid in carrying out the purposes of this part.~~

33 ~~(3) Conduct or contract for programs, and contract for the~~
34 ~~purchase or lease of goods as are necessary for effectuating the~~
35 ~~purposes of this chapter, either independently or in cooperation~~
36 ~~with any individual, public or private organization, or federal,~~
37 ~~state, or local governmental agency.~~

38 ~~(4) Establish and maintain a bank checking account or other~~
39 ~~financial institution account, approved by the Director of Finance~~
40 ~~in accordance with Sections 16506 and 16605 of the Government~~

1 Code, for depositing funds received by the district agricultural
2 association. Notwithstanding Section 13340 of the Government
3 Code, all funds maintained in an account authorized by this
4 paragraph are continuously appropriated to the board, without
5 regard to fiscal year, to carry out this part.

6 (5) Approve the annual budget of the association and establish
7 a program for paying vendors who contract with the district
8 agricultural association.

9 (6) Contract with any county or county fair association for
10 holding a fair jointly with the county or county fair association.
11 The joint fair is a district fair of the association.

12 (7) Make or adopt all necessary orders, rules, or regulations for
13 governing the activities of the district agricultural association.
14 Notwithstanding Section 14, any orders, rules, or regulations
15 adopted by the board are exempt from Chapter 3.5 (commencing
16 with Section 11340) of Part 1 of Division 3 of Title 2 of the
17 Government Code. For informational purposes only, however, any
18 order, rule, or regulation adopted by the board may be transmitted
19 to the Office of Administrative Law for filing with the Secretary
20 of State pursuant to Section 11343 of the Government Code.

21 (8) Operate a payroll system for paying employees, and a system
22 for accounting for vacation and sick leave credits of employees.

23 (9) Delegate to the officers and employees of the district
24 agricultural association the exercise of powers vested in the board
25 as the board may deem desirable for the orderly management and
26 operation of the association.

27 ~~(10) Except as provided in paragraph (12), with~~ *With* the
28 approval of the Department of General Services, purchase, acquire,
29 hold, sell, or exchange, or convey any interest in real property for
30 a period in excess of 20 years. Any acquisition of land or other
31 real property shall be subject to the Property Acquisition Law (Part
32 11 (commencing with Section 15850) of Division 3 of Title 2 of
33 the Government Code).

34 (11) Make permanent improvements upon publicly owned real
35 property adjacent to, or near the vicinity of, the real property of
36 the district agricultural association when the improvements
37 materially benefit the property of the association.

38 ~~(12) Lease, let, or grant licenses for the use of its real property~~
39 ~~or any portion of that property, to any person or public body for~~
40 ~~whatever purpose as may be approved by the board. Any lease of~~

1 ~~real property for a period in excess of 20 years shall be subject to~~
2 ~~the approval of the Department of General Services as provided~~
3 ~~in paragraph (10):~~

4 ~~(13)~~

5 (12) Use or manage any of its property jointly or in connection
6 with any lessee or sublessee, for any purpose approved by the
7 board.

8 ~~(14)~~

9 (13) With the approval of the Department of General Services,
10 pledge any and all revenues, moneys, accounts, accounts
11 receivable, contract rights, and other rights to payment of whatever
12 kind, pursuant to such terms and conditions as are approved by
13 the board. The revenues, moneys, accounts, accounts receivable,
14 contract rights, and other rights to payment of whatever kind
15 pledged by the association or its assignees constitute a lien or
16 security interest that immediately attaches to the property pledged,
17 and is effective, binding, and enforceable against the association,
18 its successors, purchasers of the property so pledged, creditors,
19 and all others asserting rights therein, to the extent set forth, and
20 in accordance with, the terms and conditions of the pledge,
21 irrespective of whether those persons have notice of the pledge
22 and without the need for any physical delivery, recordation, filing,
23 or further action.

24 (b) (1) Notwithstanding any other law, an association shall
25 adopt a fiscal review policy as follows:

26 (A) An association with an annual budget exceeding five million
27 dollars (\$5,000,000) shall conduct an annual audit by an
28 independent certified public accountant or certified public
29 accountancy firm selected by the board.

30 (B) An association with an annual budget of less than five
31 million dollars (\$5,000,000) shall have its books and accounts
32 examined and reviewed annually and audited once every three
33 years by an independent certified public accountant or certified
34 public accountancy firm selected by the board.

35 (2) Notwithstanding paragraph (1), the department may require
36 an audit to be conducted before the times specified in
37 subparagraphs (A) and (B) of paragraph (1) if the department
38 deems the audit is necessary to protect the interests of the
39 association.

1 SEC. 15. Section 4051.1 of the Food and Agricultural Code is
2 repealed.

3 SEC. 16. Section 4051.2 of the Food and Agricultural Code is
4 repealed.

5 SEC. 17. Section 4053 of the Food and Agricultural Code is
6 repealed.

7 SEC. 18. Section 4053 is added to the Food and Agricultural
8 Code, to read:

9 4053. Notwithstanding Section 14660.5 of the Government
10 Code, the title, control, and possession of all personal property
11 acquired, held, managed, or operated by a district agricultural
12 association, including property controlled or possessed by the
13 association before the enactment of this section, vests with the
14 association.

15 SEC. 19. Section 4057 of the Food and Agricultural Code is
16 repealed.

17 SEC. 20. Section 4401.5 of the Food and Agricultural Code is
18 repealed.

19 SEC. 21. Section 11011.2 of the Government Code is amended
20 to read:

21 11011.2. (a) (1) Notwithstanding any other law, including,
22 but not limited to, Sections 11011 and 14670, except as provided
23 in this section, the Department of General Services may lease real
24 property under the jurisdiction of a state agency or department, if
25 the Director of General Services determines that the real property
26 is of no immediate need to the state but may have some potential
27 future use to the program needs of the agency or department.

28 (2) The Director of General Services may not lease any of the
29 following real property pursuant to this section:

30 (A) Tax-deeded land or lands under the jurisdiction of the State
31 Lands Commission.

32 (B) Land that has escheated to the state or that has been
33 distributed to the state by court decree in estates of deceased
34 persons.

35 (C) Lands under the jurisdiction of the State Coastal
36 Conservancy or another state conservancy.

37 (D) Lands under the jurisdiction of the Department of
38 Transportation or the California State University system, or land
39 owned by the Regents of the University of California.

1 (E) Lands under the jurisdiction of the Department of Parks and
2 Recreation.

3 (F) Lands under the jurisdiction of the Department of Fish and
4 Wildlife.

5 (3) A lease entered into pursuant to this section shall be set at
6 the amount of the lease's fair market value, as determined by the
7 Director of General Services. The Director of General Services
8 may determine the length of term or a use of the lease, and specify
9 any other terms and conditions that are determined to be in the
10 best interest of the state.

11 (b) The Department of General Services may enter into a
12 long-term lease of real property pursuant to this section that has
13 outstanding lease revenue bonds and for which the real property
14 cannot be disencumbered from the bonds, only if the issuer and
15 trustee for the bonds approves the lease transaction, and this
16 approval takes into consideration, among other things, that the
17 proposed lease transaction does not breach a covenant or obligation
18 of the issuer or trustee.

19 (c) (1) All issuer- and trustee-related costs for reviewing a
20 proposed lease transaction pursuant to this section, and all other
21 costs of the lease transaction related to the defeasance or other
22 retirement of any bonds, including the cost of nationally recognized
23 bond counsel, shall be paid from the proceeds of that lease.

24 (2) The Department of General Services shall be reimbursed
25 for any reasonable costs or expenses incurred in conducting a
26 transaction pursuant to this section.

27 (3) Notwithstanding subdivision (g) of Section 11011, the
28 Department of General Services shall deposit into the General
29 Fund the net proceeds of a lease entered into pursuant to this
30 section, after deducting the amount of the reimbursement of costs
31 incurred pursuant to this section or the reimbursement of
32 adjustments to the General Fund loan made pursuant to Section 8
33 of Chapter 20 of the 2009–10 Fourth Extraordinary Session from
34 the lease.

35 (d) The Department of General Services shall transmit a report
36 to each house of the Legislature on or before June 30, 2011, and
37 on or before June 30 each year thereafter, listing every new lease
38 that exceeds a period of five years entered into under the authority
39 of this section and the following information regarding each listed
40 lease:

- 1 (1) Lease payments.
- 2 (2) Length of the lease.
- 3 (3) Identification of the leasing parties.
- 4 (4) Identification of the leased property.
- 5 (5) Any other information the Director of General Services
- 6 determines should be included in the report to adequately describe
- 7 the material provisions of the lease.

8 SEC. 22. This act is an urgency statute necessary for the
9 immediate preservation of the public peace, health, or safety within
10 the meaning of Article IV of the Constitution and shall go into
11 immediate effect. The facts constituting the necessity are:

12 In order to restore the viability of California fairs as soon as
13 possible, it is necessary that this act take effect immediately.

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