

AMENDED IN ASSEMBLY JULY 11, 1997

AMENDED IN SENATE MAY 21, 1997

SENATE BILL

No. 972

Introduced by Senator Greene

February 27, 1997

An act to *repeal and add Section 19622.2 of the Business and Professions Code*, to amend Section 3332 of, and to repeal Sections ~~3335~~ 3311, 3335, and 3336 of, the Food and Agricultural Code, and to amend Sections 11272, 12470, and 16310 of the Government Code, relating to the California Exposition and State Fair, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 972, as amended, Greene. California Exposition and State Fair.

(1) Existing law provides for the California Exposition and State Fair as a separate entity in state government, governed by its board of directors. Existing law sets forth the powers of the Board of Directors of the California Exposition and State Fair, which includes the power to enter into contracts.

This bill would additionally authorize the board, with the approval of the Department of General Services, to purchase, acquire, *or hold*, ~~sell, exchange, or convey any interest in~~ real or personal property, to make permanent improvements on publicly owned real property adjacent to, or in the vicinity of, real property owned by the California Exposition and State

Fair, and to pledge revenues, moneys, accounts, and other rights.

(2) *Existing law limits the administrative oversight authority of the Department of Food and Agriculture to the approval of the California Exposition and State Fair's budget.*

This bill would repeal that provision and would instead grant the Department of Food and Agriculture administrative oversight authority over the California Exposition and State Fair, including the authority to prescribe standards to be met by that fair.

(3) Existing law creates the California Exposition and State Fair Enterprise Fund in the State Treasury, and requires funds received by the California Exposition and State Fair to be deposited in the fund and remain in the fund until expended by the California Exposition and State Fair. Existing law also permits the board to establish and maintain a bank checking account or a savings and loan association account for depositing funds appropriated pursuant to a specific provision to the California Exposition and State Fair.

This bill would repeal the provision creating the California Exposition and State Fair Enterprise Fund in the State Treasury, and would permit the board to establish and maintain a bank checking account or a savings and loan association account for depositing all funds received by the California Exposition and State Fair. The bill would continuously appropriate all funds in the account to the board to carry out the functions for which the California Exposition and State Fair is formed. The bill would transfer all funds remaining in the California Exposition and State Fair Enterprise Fund on the effective date of the bill to the board for deposit in the bank checking or savings and loan account. This bill would also authorize the board to establish a program for paying vendors who contract with the California Exposition and State Fair.

(3)

(4) Existing provisions of the Food and Agricultural Code provide that whenever, pursuant to that code, any state department, officer, board, agency, committee, or commission is authorized to adopt rules and regulations, the regulations shall be adopted in accordance with those



provisions of the Administrative Procedure Act that govern the adoption of regulations.

This bill would exempt the board from that requirement.

~~(4)~~

(5) Existing law requires the Controller to install and operate a uniform state payroll system for all state agencies.

This bill would exempt the California Exposition and State Fair from that provision, and would also authorize the board to operate a payroll system for paying employees, and a system for accounting for vacation and sick leave credits of employees.

~~(5)~~

(6) Existing law requires the Department of Finance to determine which funds, other than the General Fund, shall be charged a share of administrative costs for supervision or administration of the state government or for services to the various state agencies, and the amount to be charged against any such fund as its fair share of administrative costs.

This bill would require the Department of Finance, in determining the fair share of the California Exposition and State Fair, to take into account any reduction in the services provided to that agency as a consequence of the assumption of the various functions that agency is authorized to assume by this act, and to reduce the fair share of the California Exposition and State Fair accordingly.

~~(6)~~

(7) Existing law permits the Governor to order the Controller to direct the transfer of all or any part of the moneys not needed in other funds or accounts to the General Fund when the General Fund is, or will be, exhausted.

This bill would require interest to be paid on all moneys transferred to the General Fund from any funds retained by, or in the possession of, the California Exposition and State Fair.

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 19622.2 of the Business and*
2 *Professions Code is repealed.*

3 ~~19622.2. The administrative oversight authority of the~~
4 ~~Department of Food and Agriculture over the California~~
5 ~~Exposition and State Fair is, in conjunction with the~~
6 ~~approval of the Department of Finance, limited to the~~
7 ~~approval of the California Exposition and State Fair's~~
8 ~~budget.~~

9 *SEC. 1.5. Section 19622.2 is added to the Business and*
10 *Professions Code, to read:*

11 *19622.2. (a) The administrative oversight authority*
12 *of the Department of Food and Agriculture shall include,*
13 *but is not limited to, requiring the California Exposition*
14 *and State Fair to do all of the following:*

15 *(1) Meet all applicable standards prescribed by the*
16 *Department of Food and Agriculture pursuant to Section*
17 *19622.1.*

18 *(2) Comply with fiscal and policy directives of the*
19 *department.*

20 *(b) If the California Exposition and State Fair meets or*
21 *exceeds the department's standards for sound*
22 *operational or financial management, the department*
23 *may delegate approval authority, to the extent allowed by*
24 *law, to the board of directors for budgets, contracts, or*
25 *maintenance contracts.*

26 *(c) On the basis of evidence of insufficient fiscal or*
27 *administrative control at the California Exposition and*
28 *State Fair, the Department of Food and Agriculture may*
29 *assume control of the California Exposition and State Fair*
30 *to ensure the restoration of fiscal solvency or compliance*
31 *with fiscal and administrative controls.*

32 *(1) Notwithstanding any other provision of law, the*
33 *department may implement substantial changes in the*
34 *California Exposition and State Fair's fiscal policies and*
35 *practices, including assuming all legal rights, duties, and*
36 *powers of the governing board.*

37 *(2) If the department determines that the California*
38 *Exposition and State Fair has been restored to solvency*



1 and is in compliance with subdivision (a), the
2 department shall notify the governing board, and the
3 governing board shall resume the exercise of its authority
4 established by law.

5 (d) If the department, on the basis of financial
6 statements, or for any other reason, has reason to believe
7 that the California Exposition and State Fair is insolvent,
8 or is in imminent danger of insolvency, the department
9 may petition a court of competent jurisdiction for an
10 order appointing the department, or a person designated
11 by the department, as a receiver. The court shall appoint
12 a receiver on that petition upon showing that the fair is
13 insolvent, or is in imminent danger of insolvency.

14 (e) For the purposes of this section, “insolvency”
15 means that the California Exposition and State Fair has
16 either ceased to pay its debts in the ordinary course of
17 business, or cannot pay its debts as they become due.

18 (f) The General Fund and the Fairs and Exposition
19 Fund shall be held harmless from any debts, liabilities,
20 settlements, judgments, or liens incurred by the
21 California Exposition and State Fair, including any
22 deficiency in operating funds.

23 SEC. 1.6. Section 3311 of the Food and Agricultural
24 Code is amended to read:

25 3311. The California Exposition and State Fair is
26 hereby created as a separate independent entity in state
27 government. The California Exposition and State Fair
28 shall be governed by its board of directors. ~~The California~~
29 ~~Exposition and State Fair shall submit its budget to the~~
30 ~~Department of Finance for approval pursuant to Section~~
31 ~~13320 of the Government Code.~~

32 SEC. 1.7. Section 3332 of the Food and Agricultural
33 Code is amended to read:

34 3332. The board may do any of the following:

35 ~~(a) Contract, including entering into sponsorship~~
36 ~~agreements for the receipt of money, or services or~~
37 ~~products in lieu of money. A sponsorship agreement may~~
38 ~~be entered into without complying with competitive~~
39 ~~bidding requirements.~~

40 (a) Contract.



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

4 (c) Conduct or contract for programs, either
5 independently or in cooperation with any individual,
6 public or private organization, or federal, state, or local
7 governmental agency.

8 (d) Establish and maintain a bank checking account or
9 a savings and loan association account, approved by the
10 Director of Finance in accordance with Sections 16506
11 and 16605 of the Government Code, for depositing funds
12 received by the California Exposition and State Fair.
13 Notwithstanding Section 13340 of the Government Code,
14 all funds maintained in an account authorized by this
15 subdivision are continuously appropriated to the board,
16 without regard to fiscal year, to carry out this part.

17 (e) Establish a program for paying vendors who
18 contract with the California Exposition and State Fair.

19 (f) Make or adopt all necessary orders, rules, or
20 regulations for governing the activities of the California
21 Exposition and State Fair. Notwithstanding Section 14,
22 any orders, rules, or regulations adopted by the board are
23 exempt from Chapter 3.5 (commencing with Section
24 11340) of Part 1 of Division 3 of Title 2 of the Government
25 Code. For informational purposes only, however, any
26 order, rule, or regulation adopted by the board may be
27 transmitted to the Office of Administrative Law for filing
28 with the Secretary of State pursuant to Section 11343 of
29 the Government Code.

30 (g) Delegate to the officers and employees of the
31 California Exposition and State Fair the authority to
32 appoint civil service personnel according to state civil
33 service procedures.

34 (h) Operate a payroll system for paying employees,
35 and a system for accounting for vacation and sick leave
36 credits of employees.

37 (i) Delegate to the officers and employees of the
38 California Exposition and State Fair the exercise of
39 powers vested in the board as the board may deem



1 desirable for the orderly management and operation of
2 the California Exposition and State Fair.

3 (j) Appoint all necessary marshals and police to keep
4 order and preserve peace at the California Exposition and
5 State Fair premises on a year-round basis who shall have
6 the powers of peace officers specified in Section 830.2 of
7 the Penal Code. A peace officer of the Department of the
8 California Highway Patrol may be employed as a peace
9 officer while off duty from his or her regular
10 employment, subject to those conditions as may be set
11 forth by the Commissioner of the Department of the
12 California Highway Patrol. At least 75 percent of the
13 persons appointed pursuant to this subdivision shall
14 possess the basic certificate issued by the Commission on
15 Peace Officers Standards and Training. The remaining 25
16 percent may be appointed if the person has completed a
17 Peace Officer Standards and Training certified academy
18 or possesses a Level One Reserve Certificate (as defined
19 in Section 832.6 of the Penal Code).

20 (k) With the approval of the Department of General
21 Services, purchase, acquire, ~~hold, sell, exchange, or~~
22 ~~convey any interest in or hold~~ real or personal property,
23 and beautify or improve that property. Any acquisition of
24 land or other real property is subject to the approval of
25 the Department of General Services, and in the case of
26 the purchase of real property, is subject to the Property
27 Acquisition Law (Part 11 (commencing with Section
28 15850) of Division 3 of Title 2 of the Government Code).

29 (l) ~~Make~~ *With the approval of the Department of*
30 *General Services, make* permanent improvements upon
31 publicly owned real property adjacent to, or near the
32 vicinity of, the real property of the California Exposition
33 and State Fair when the improvements materially benefit
34 the property of the California Exposition and State Fair.

35 (m) Lease, with the approval of the Department of
36 General Services, any of its property for any purpose for
37 any period of time.

38 (n) Use or manage any of its property, with the
39 approval of the Department of General Services, jointly



1 or in connection with any lessee or sublessee, for any
2 purpose approved by the board.

3 (o) ~~Pledge With the approval of the Department of~~
4 ~~General Services, pledge any and all revenues, moneys,~~
5 ~~accounts, accounts receivable, contract rights, and other~~
6 ~~rights to payment of whatever kind, pursuant to such~~
7 ~~terms and conditions as are approved by the board. The~~
8 ~~revenues, — moneys, — accounts, — accounts — receivable,~~
9 ~~contract rights, and other rights to payment of whatever~~
10 ~~kind pledged by California Exposition and State Fair or~~
11 ~~its assignees constitute a lien and security interest that~~
12 ~~immediately attaches to the property so pledged and is~~
13 ~~effective, binding, and enforceable against the California~~
14 ~~Exposition and State Fair, its successors, purchasers of the~~
15 ~~property so pledged, creditors, and all others asserting~~
16 ~~rights therein, to the extent set forth, and in accordance~~
17 ~~with, the terms and conditions of the pledge, irrespective~~
18 ~~of whether those persons have notice of the pledge and~~
19 ~~without the need for any physical delivery, recordation,~~
20 ~~filing, or further act. Any issuance of bonds, contracts~~
21 ~~entered into, debts incurred, settlements, judgments, or~~
22 ~~liens under this section or pursuant to Chapter 5~~
23 ~~(commencing with Section 6500) of Division 7 of Title 1~~
24 ~~of the Government Code, shall not directly, indirectly, or~~
25 ~~contingently obligate the state or any political subdivision~~
26 ~~thereof to levy or to pledge any form of taxation therefor~~
27 ~~or to make any appropriation for their payment. Any such~~
28 ~~bond shall contain on the face thereof a statement to the~~
29 ~~following effect: “Neither the full faith and credit nor the~~
30 ~~taxing power of the State of California is pledged to the~~
31 ~~payment of the principal of, or interest on this bond.”~~

32 SEC. 2. Section 3335 of the Food and Agricultural
33 Code is repealed.

34 SEC. 3. Section 3336 of the Food and Agricultural
35 Code is repealed.

36 SEC. 4. Section 11272 of the Government Code is
37 amended to read:

38 11272. (a) In determining or redetermining the fair
39 share, the Department of Finance may consider the
40 factors of cost distribution and cost estimation as it deems



1 necessary, except that, as to the proceeds of those taxes,
2 the use of which is restricted by Article XIX of the
3 California Constitution, the Department of Finance shall
4 assess only those administrative costs ascertained as being
5 necessarily incurred in connection with highway
6 purposes as set forth in the article. As to funds collected
7 pursuant to Section 221 of the Food and Agricultural
8 Code, the Department of Finance shall assess only those
9 administrative costs incurred in connection with the
10 enforcement of the law under which the funds were
11 derived.

12 (b) In determining the share of costs to be borne by
13 the California Exposition and State Fair, the Department
14 of Finance shall take into account any reduction in the
15 services provided to the California Exposition and State
16 Fair as a consequence of the assumption of the various
17 functions that the California Exposition and State Fair is
18 authorized to assume by the act that amended this section
19 during the 1997–98 Regular Legislative Session, and shall
20 reduce the fair share of the California Exposition and
21 State Fair accordingly. From its ~~enterprise~~ *operating*
22 funds, the California Exposition and State Fair shall
23 annually reimburse the General Fund for its share of costs
24 determined pursuant to this subdivision.

25 SEC. 5. Section 12470 of the Government Code is
26 amended to read:

27 12470. In conformity with the accounting system
28 prescribed by the Department of Finance pursuant to
29 Section 13300, the Controller shall install and operate a
30 uniform state payroll system for all state agencies except
31 the California Exposition and State Fair and the
32 University of California. The Controller may provide for
33 the orderly inclusion of state agencies into the system,
34 and may make exceptions from the operation thereof for
35 such periods as he or she determines necessary.

36 SEC. 6. Section 16310 of the Government Code is
37 amended to read:

38 16310. (a) When the General Fund in the Treasury
39 is or will be exhausted, the Controller shall notify the
40 Governor and the Pooled Money Investment Board. The



1 Governor may order the Controller to direct the transfer
2 of all or any part of the moneys not needed in other funds
3 or accounts to the General Fund from those funds or
4 accounts, as determined by the Pooled Money
5 Investment Board, including the Surplus Money
6 Investment Fund or the Pooled Money Investment
7 Account. All moneys so transferred shall be returned to
8 the funds or accounts from which they were transferred
9 as soon as there are sufficient moneys in the General
10 Fund to return them. No interest shall be charged or paid
11 on any transfer authorized by this section, exclusive of the
12 Pooled Money Investment Account, except as provided
13 herein. This section does not authorize any transfer that
14 will interfere with the object for which a special fund was
15 created or any transfer from the Central Valley Water
16 Project Construction Fund, the Central Valley Water
17 Project Revenue Fund, or the California Water Resources
18 Development Bond Fund.

19 (b) Interest shall be paid on all moneys transferred to
20 the General Fund from the Department of Food and
21 Agriculture Fund and from any funds retained by or in
22 the possession of the California Exposition and State Fair
23 pursuant to this section. With respect to all other funds,
24 if the total moneys transferred to the General Fund in any
25 fiscal year from any special fund pursuant to this section
26 exceed an amount equal to 10 percent of the total
27 additions to surplus available for appropriation as shown
28 in the statement of operations of a prior fiscal year as set
29 forth in the most recent published annual report of the
30 Controller, interest shall be paid on the excess. Interest
31 payable under this section shall be computed at a rate
32 determined by the Pooled Money Investment Board to
33 be the current earning rate of the fund from which
34 transferred.

35 SEC. 7. All funds remaining in the California
36 Exposition and State Fair Enterprise Fund on the
37 effective date of this act shall be transferred to the Board
38 of Directors of the California Exposition and State Fair for



1 deposit in an account maintained pursuant to subdivision
2 (e) of Section 3332 of the Food and Agricultural Code.

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