

# Department of Food and Agriculture Cuts

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LEGISLATIVE ANALYST'S OFFICE

Presented to:

Assembly Subcommittee No. 3

On Resources and Transportation

Hon. Richard Gordon, Chair





## Fairs and Expositions General Fund Support

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### Background

- ***\$32 Million General Fund Provided to Support Local Fairs.*** Beginning in fiscal year 2009-10, the General Fund provided \$32 million to support local fairs and county agricultural events. Prior to this, funding for local fairs and expositions was generated by horse racing license fees.
- ***General Funds Used for Base Funding and Other Activities.*** Roughly one-third of the General Fund support is provided as a base allocation to local county fairs and county agricultural activities. The remaining two-thirds is used to fund activities such as operational support, health and safety, infrastructure, training and education, and racing and satellite wagering.
- ***Distribution of General Fund Support.*** Fairs' operating budgets are comprised of locally generated revenue and state support. The amount of General Fund dollars each fair receives varies depending on the size of its operating budget. Fairs that have smaller operating budgets receive a greater amount of General Fund support. For example, fairs with relatively small operating budgets, like the Yolo County Fair, receive a larger share of General Fund support. In contrast, fairs with larger operating budgets, such as the Orange County fair, do not receive any General Fund support. In 2010-11, 71 local fairs received General Fund base allocations in amounts that ranged from roughly \$25,000 to \$200,000 each, depending on the size of their operating budget and the 3 county agricultural events received combined support in the amount of roughly \$400,000.



### Governor's Budget Proposal

- ***Governor's 2011-12 January Budget Reductions.*** The Governor's budget proposes to eliminate General Fund support (\$32 million) for local fairs and county agricultural activities in the budget year and ongoing.

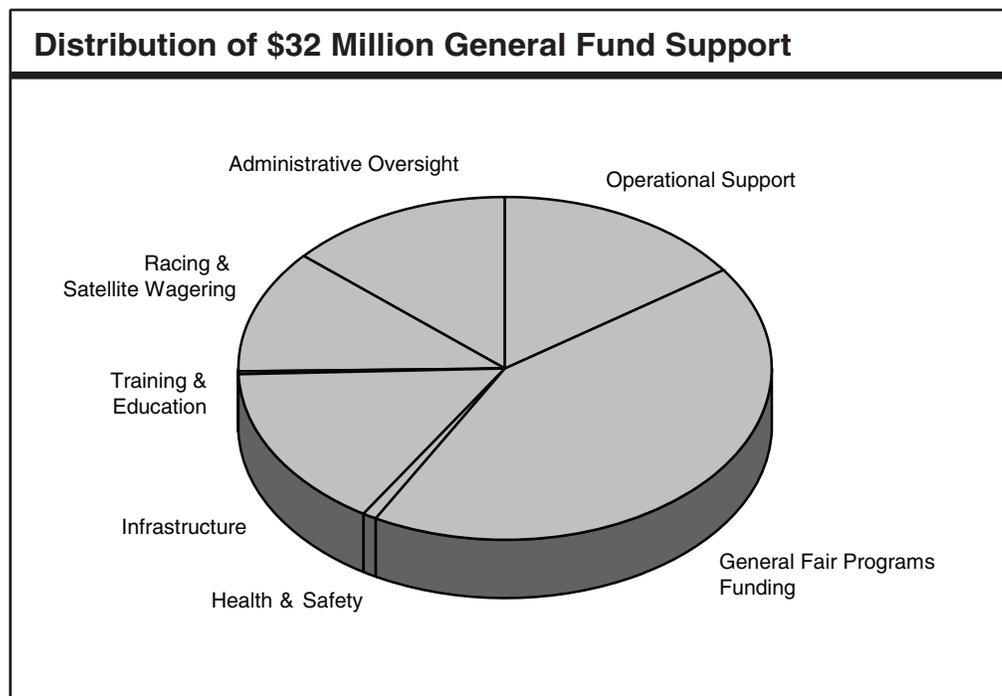


## LAO Analysis of Governor's Proposal

### ☑ LAO Analysis

- ***Roughly \$15.5 Million of the \$32 Million Supplements Fairs' Budgets; the Remainder Is for Other Activities.***

Of the \$32 million in General Fund support provided to local county fairs and county agricultural activities in 2010-11, about \$15.5 million directly supplements their operating budgets. (In 2010-11, fairs received \$9 million in additional base funding due to prior-year project and personnel savings.) The remaining \$17 million was used for other activities as shown in the figure below.





## LAO Analysis of Governor's Proposal

*(Continued)*



**Impact of Reductions on Fairs Would Vary.** While support may be critical to support the operations of smaller fairs, most larger fairs would be able to continue to operate because state support is a smaller share of their overall revenues.

<b>State Support to Fairs Varies</b>			
<i>2010-11 (Dollars in Thousands)</i>			
	<b>Total State Support</b>	<b>Total Operating Revenue</b>	<b>Percent of State Support Compared to Fairs' Total Revenue</b>
San Joaquin Fair	\$249	\$2,886	9%
Tulare County Fair	241	1,975	12
Gold Country Fair	217	957	23
The Valley Fair	213	424	50



## LAO Recommendation

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- Adopt Governor's Budget Proposal.*** Given the dire fiscal condition of the state, we recommend that the Legislature adopt the Governor's proposal to eliminate General Fund support for local fairs and county agricultural activities. While this support may be critical to supporting the operations of smaller fairs, most larger fairs would be able to continue to operate because state support is a smaller share of their overall revenues.