

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1711 (Connolly) – As Amended April 8, 2026

Policy Committee: Agriculture

Vote: 8 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill provides that not more than 5% of the moneys in the Fair and Exposition (F&E) Fund may be retained in the fund from year to year as a prudent reserve for contingencies and requires that all available moneys in the F&E Fund be allocated to the network of California fairs pursuant to an approved expenditure plan no later than December 31 of each calendar year.

The bill also expands a provision in existing law that appropriates certain moneys deposited into the continuously appropriated F&E Fund for allocation by CDFA for capital outlay to California fairs for fair projects involving fire and life safety as well as emergency services improvement projects, California Code of Regulations compliance projects, and maintenance projects at fairgrounds, as specified.

**FISCAL EFFECT:**

By prohibiting CDFA from retaining more than 5% of moneys in the F&E Fund from year to year as a prudent reserve for contingencies, this bill creates ongoing cost pressures of an unknown but potentially significant amount, likely in the low millions of dollars annually (F&E Fund, General Fund). CDFA notes this provision is likely to severely impair the department's ability to address issues that may arise within the state's network of fairs that are typically resolved utilizing F&E Fund reserves (by providing emergency and bridge loans, for example) – potentially creating inefficiencies and risks for the state.

The fiscal year (FY) 2025-26 budget included a transfer (from sales tax revenue) of approximately \$4.9 million to the F&E Fund (see background for more information about this funding mechanism). According to CDFA, as of March 31, 2026, the F&E Fund, after reconciling for pending transfers and adjustments, maintained a balance of approximately \$7 million. The department notes this amount has significantly fluctuated over the past decade but has generally been declining over the past few years because the department has been supplementing the annual sales tax allocation to the fairs and providing targeted industry support.

**COMMENTS:**

1) **Purpose.** According to the author:

California's fairs play a vital role in every community by serving as emergency and evacuation sites during natural disasters. Unfortunately, fairgrounds are experiencing a growing backlog of

deferred maintenance that presents a significant public safety threat to California. AB 1711 will ensure that the revenue generated by fairs and approved in the State Budget is allocated by a date certain so fairgrounds can appropriately plan to utilize those funds.

- 2) **Background.** Current law establishes a network of California-designated fairs, composed of 52 district agricultural associations, 23 county fairs, two citrus fruit fairs, and the California Exposition and State Fair. Fairs are most known for their annual fairs but they also operate year-round, offering agricultural education and environmental leadership and hosting smaller events like trade shows, concerts, and private events that generate millions of dollars in state and local revenues. Many fairs are also part of the state's emergency response network. The Division of Fairs and Expositions within CDFA provides fiscal and policy oversight for the network of California fairs.

Prior to 2009, funding for California fairs was supported by licensing fees imposed on horse racing wagers. SBx2 16 (Ashburn), Chapter 12, Statutes of 2009, ended this practice and provided a continuous General Fund appropriation of \$32 million for fairs, until this appropriation was eliminated in FY 2011-12. AB 1499 (Gray), Chapter 798, Statutes of 2017, provided a new mechanism for funding fairs by requiring the California Department of Tax and Fee Administration to develop a form to segregate sales at state-designated fairs and annually report to the Department of Finance the total gross receipts segregated the prior FY. An amount equal to 2% of such reported receipts must then be included in the next annual Governor's budget for CDFA to allocate to the fairs. However, the actual transfer of designated General Fund revenue to the F&E Fund is still subject to legislative appropriation during the budget process. Also, while transfers from gross receipts comprise the primary revenue source for the F&E Fund, the fund also includes revenues from other sources, such as horse racing handles, loan principal and interest payments, and proceeds from sales of real property. Fairs are the only recipients of funding from the F&E Fund.

According to the Western Fairs Association (WFA) and the California Fairs Alliance (CFA), the sponsors of this bill, to date, funds generated through the sales tax revenue mechanism have generated over \$20 million, however, because of bureaucratic hurdles, these funds have not been released. WFA and CFA contend this bill ensures sales tax revenue intended to assist California's fairs is distributed expeditiously for fairground improvement, writing these funds "will allow California fairs to address the growing backlog of deferred maintenance projects and begin fairground improvement projects to address public health and safety, infrastructure, and emergency management."

CDFA notes it already has a policy in place to distribute funds to the state's fairs by the fourth quarter of each calendar year. During the COVID-19 pandemic, CDFA received approximately \$90 million in one-time General Fund support to assist fairs with operational stabilization. During this period, CDFA limited the use of revenues deposited into the F&E Fund while monitoring the financial condition of the industry and prioritizing the distribution of emergency General Fund resources. This approach resulted in an increase in F&E Fund reserves. With this pandemic-era funding now exhausted, CDFA has begun gradually utilizing F&E Fund reserve balances to supplement annual allocations to the fairs, provide targeted assistance, and stabilize distributions as revenues fluctuate.