

ASSEMBLY THIRD READING

AB 1711 (Connolly)

As Amended April 8, 2026

2/3 vote

SUMMARY

Expands and clarifies how money in the Fair and Exposition Fund (FEF) can be used by allowing broader spending on safety, compliance, maintenance, property improvements, and fair operations, while capping administrative costs and requiring that all available funds be allocated each year by December 31.

Major Provisions

- 1) Expands the following to receive capital outlay from the FEF, fire and life safety, and emergency services improvement projects at fairs, California Code of Regulations compliance projects, and maintenance projects at fairgrounds.
- 2) Requires that no more than 5 percent of the moneys in the FEF may be used during any fiscal year to augment the budget of the Department of Food and Agriculture (CDFA) to develop and administer an operational and policy framework for the network of California fairs.
- 3) Requires all available funds in the FEF to be allocated to the network of California fairs pursuant to an approved expenditure plan no later than December 31 of each calendar year.

COMMENTS

The Division of Fairs and Expositions (DFE) within the CDFA provides fiscal and policy oversight for the network of California fairs. The Department of General Services provides oversight for the use of state property, procurement, and services contracts. Prior to 2009, license fees imposed on horse racing wagers were deposited into the Fairs and Exposition Fund and the Satellite Wagering Account, which supported the annual budget of the California Horse Racing Board and California fairs. In 2009, the Legislature shifted away from this approach and instead provided an annual continuous appropriation of \$32 million from the General Fund to support fairs. However, the 2011-12 Budget Act eliminated this General Fund contribution to the Fairs and Exposition Fund and instead required DAAs and state fairs to be financially self-sufficient starting January 1, 2012.

Seeking a new funding source for capital projects at fairs, the Legislature created a novel mechanism under AB 1499. AB 1499 became effective on July 1, 2018, and forms the basis of current state law, which requires retailers to separate, on their sales-tax returns, the gross receipts from any tangible good sold or used on state fairgrounds and directs the Governor's annual budget to propose allocating 0.75% of the amount of those gross receipts to CDFA for state fairs.

AB 2143 (Connolly) Chapter 559, Statutes of 2024 repealed and recast provisions referring to DFE in the Business and Professions Code into the Food and Agricultural Code. Segregation of sales on fairgrounds, and the requirement that 0.75% of prior-year gross receipts be proposed in the Governor's Budget are still required. However, AB 1499 applied to "state-designated fairs," while AB 2143 uses the broader term "fair."

The amount proposed and appropriated under the 0.75% requirement declined to \$3.1 million in 2022-23 but rebounded to \$5.1 million in 2023-24 and 2024-25. \$4.9 million is proposed for 2025-26. These amounts remain below the funding levels from before the Legislature redistributed license fees on horse racing wagers to the General Fund.

This bill provided a reliable funding source for fairs to address capitol improvement projects, however, it did not set a clear deadline on when CDFA must distribute those funds. AB 1711 provides a clear timeline for the distribution of funds by requiring allocation no later than December 31 of each calendar year.

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. This bill 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.

Arguments in Support

Rural communities are home to a majority of District Agricultural Associations and county fair facilities, all of which serve as economic drivers, conveners of local agricultural uses and businesses, emergency response mobilization sites, and cultural hotspots. These sites have seen increased usage with the COVID-19 pandemic, wildfire and natural disasters, with the unique ability to house livestock and pets during these events. Despite providing these year-round economic benefits and public safety "centers", funding has dropped precipitously for these sites with the loss of horse racing license fees in 2009, and the elimination of the continuous appropriation at the end of 2011. While efforts have been made to reintroduce funding to the Network of Fairs through legislation such as Assembly Bill 1499 (Chaptered, 2017) and Assembly Bill 258 (Chaptered 2025), funding is still not back to 2009 levels and costs have only increased. Increased requirements on these fair facilities, combined with deferred maintenance and aging public infrastructure, present a unique challenge that cannot be met locally through county budgets and/or non-profit organizations. This bill provides clarity to a funding process that ensures our fairgrounds can continue operating as economic drivers, emergency management centers, and conveners.

Arguments in Opposition

None on file.

FISCAL COMMENTS

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.

VOTES

ASM AGRICULTURE: 8-0-0

YES: Soria, Hadwick, Aguiar-Curry, Alanis, Connolly, Jeff Gonzalez, Irwin, Ransom

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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