

Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 1223 (Padilla) – As Introduced February 19, 2026

Policy Committee: Agriculture Vote: 8 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

**SUMMARY:**

This bill prohibits a fair, as defined, from issuing any invitation to bid or request for proposal (RFP), in connection with the awarding of a contract, for services to any person or entity, in a manner that limits the bidding directly or indirectly to any one bidder. The bill makes any contract awarded in violation of this prohibition void.

**FISCAL EFFECT:**

The California Department of Food and Agriculture (CDFA), which oversees the state's network of fairs, anticipates minor and absorbable costs.

**COMMENTS:**

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

Recent investigations have revealed that competitive bidding requirements do not apply to state fairs. Bids are being written in a way that applies only to a single contractor, opening the door to favoritism and corruption. SB 1223 would prohibit a fair from issuing a request for proposal or invitation to bid that is written in a way that applies only to one party, helping to protect competitive bidding in fair contracts.

2) **Background.** Current law establishes a network of California-designated fairs, composed of 52 district agricultural associations (DAAs), 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 host 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 fiscal year (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 CDFR to allocate to the fairs. However, the actual transfer of designated General Fund revenue to the Fair and Exposition (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. The fiscal year 2025-26 budget included a transfer (from sales tax revenue) of approximately \$4.9 million to the F&E Fund.

A 2025 Los Angeles (LA) Times investigation found fraud and theft are rife at California's county fairs. According to the investigation, workers from at least four fairs have been prosecuted in the last few years for theft and bribery, with more than \$1 million in public funds stolen. The LA Times also reported that recent state audits "have called out more than a dozen fairs...for violating state policies by handing out money without signed agreements of competitive bidding." For example, in 2024, the San Diego County Fair paid Talley Amusements (a carnival company) \$500,000 to settle a lawsuit that alleged fair officials had engaged in bid-rigging. A San Diego County judge wrote that evidence he reviewed "supports an inference of 'favoritism,' 'fraud,' and 'corruption' as to the award of public contracts, although no such definitive findings are made herein."

According to the author's office, the courts have found that state law requiring competitive bids for public contracts does not apply to state fairs as the court treats revenue-sharing and commercial operating agreements separate from procurement contracts because the courts distinguish between the state buying services and a private company using public property to generate revenue. In the Talley case, the court found that midway operators, such as Talley Amusements, do not provide services to the state itself but rather to the public attending the fair.

The author argues "this technicality opens the door to favoritism and invites corruption by allowing bids to be written in a way that applies to a single contractor," and that this bill helps protect competitive bidding in fair contracts, "allowing the best bidder at the best price an equitable chance of securing contracts."