

A-Engrossed
Senate Bill 384

Ordered by the Senate April 14
Including Senate Amendments dated April 14

Sponsored by Senator ROBLAN (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Provides that State Fair Council owns fairground property and facilities other than real property unless otherwise agreed to in writing. Allows council to capitalize council expenditures benefiting fairground property and facilities that are real property.

Revises language regarding council expenditure authority. Revises language regarding application of proceeds from sale of fairground properties and facilities that are real property. Revises language regarding appraisal of fairground properties and facilities if council meets profitability threshold.

A BILL FOR AN ACT

1
2 Relating to the state fairgrounds; creating new provisions; and amending ORS 565.495, 565.521,
3 565.545 and 565.575.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 565.495, as amended by section 6, chapter 118, Oregon Laws 2016, is amended
6 to read:

7 565.495. (1) *[The State Fair Council may not acquire or dispose of any real property or facilities*
8 *without prior approval by the Oregon Department of Administrative Services. Legal title to fairground*
9 *properties and facilities must remain with, or be established in, the name of the State of Oregon.]* **Ex-**
10 **cept as the State Fair Council and the Oregon Department of Administrative Services oth-**
11 **erwise agree in writing, the council owns any fairground properties and facilities that are**
12 **not real property. The department owns fairground properties and facilities that are real**
13 **property and owns other fairground properties and facilities as agreed to with the council in**
14 **writing. However, if the council expends moneys for the construction, repair, remodeling or**
15 **maintenance of, or other long-term benefit to, fairground properties and facilities that are**
16 **real property, the council may capitalize those expenditures for purposes of determining net**
17 **profit or loss from conducting the Oregon State Fair, carrying out fairground business op-**
18 **erations and operating fairground properties and facilities.**

19 **(2)** The department and the council shall enter into an agreement for the council to exercise
20 exclusive care, custody and control over fairground properties and facilities **owned by the depart-**
21 **ment.** The agreement shall provide for the council to make periodic payments to the State of
22 Oregon for the leasing of the fairground properties and facilities. The agreement may not establish
23 a fixed term in excess of 10 years, but may provide for renewal. Notwithstanding any fixed term for
24 the agreement, the Legislative Assembly may terminate the agreement by law if the conducting of
25 the Oregon State Fair, the carrying out of fairground business operations and the operation of

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 fairground properties and facilities by the council results in a net loss in three of any five consec-
 2 utive years. If the Legislative Assembly terminates the agreement, the department may dispose of
 3 any fairground properties and facilities [*for which the department determines disposal to be*
 4 *reasonable*] **owned by the department**. The department and the council may modify the agreement
 5 terms and conditions by mutual consent to the extent consistent with this chapter.

6 [(2)] (3) If any state agency has incurred an obligation for the purpose of paying for the con-
 7 struction, repair or remodeling of fairground properties or facilities, and the obligation remains
 8 outstanding at the time the agreement described in subsection [(1)] (2) of this section is negotiated,
 9 the agreement shall provide for all or part of the periodic payments by the council to be credited
 10 to an appropriate account established in the State Treasury pursuant to ORS 291.001 (3) to com-
 11 pensate the obligated agency for the amounts coming due under the obligation. The agreement shall
 12 give priority to the full compensation of an obligated agency for any amounts coming due on re-
 13 venue bonds payable from the revenues of fairground business operations or from the operation of
 14 fairground properties and facilities, including but not limited to revenue bonds issued under ORS
 15 565.095 as set forth in the 2011 Edition of Oregon Revised Statutes.

16 [(3)] (4) If any fairground properties or facilities [*are sold, the Oregon Department of Adminis-*
 17 *trative Services*] **owned by the department are sold, the department** shall ensure that any net
 18 proceeds of the sale are applied as provided in this subsection. Net sale proceeds shall be applied
 19 according to the following priorities:

20 (a) First, for the repair and maintenance of other fairground properties or facilities **owned by**
 21 **the department**.

22 (b) Second, for the payment of any bonds secured by the property or facility sold.

23 (c) Third, for the payment of any bonds payable out of Oregon State Fair revenues or other
 24 fairground revenues.

25 (d) Fourth, for the acquisition of new fairground properties or facilities or other new properties
 26 and facilities for the conducting of the Oregon State Fair or for deposit to fairground property and
 27 facility acquisition accounts described in ORS 565.545 (1).

28 [(4)] (5) The agreement described in subsection [(1)] (2) of this section shall provide for appro-
 29 priate apportionment between the council and the [*Oregon Department of Administrative Services*]
 30 **department** of any insurance proceeds paid in compensation for loss involving fairground properties
 31 or facilities.

32 [(5)] (6) Notwithstanding subsection [(1)] (2) of this section, the [*Oregon Department of Admin-*
 33 *istrative Services*] **department** may seek an appropriation from the Legislative Assembly or the
 34 Emergency Board for moneys to support the conducting of the Oregon State Fair, the carrying out
 35 of fairground business operations, the operation of fairground properties and facilities or the repair,
 36 maintenance or insurance of fairground properties and facilities, if the council and the department
 37 agree that the existing and projected financial resources of the council are inadequate to conduct
 38 the Oregon State Fair, to carry out fairground business operations, to operate fairground properties
 39 and facilities, to make necessary repairs to fairground properties and facilities or to adequately
 40 maintain and insure fairground properties and facilities. Any appropriation to the department shall
 41 be expended and accounted for by the department as provided by law.

42 **SECTION 2.** ORS 565.521 is amended to read:

43 565.521. (1) The State Fair Council shall govern the conducting of the Oregon State Fair, the
 44 carrying out of fairground business operations and the operation of fairground properties and facil-
 45 ities. The council shall conduct the Oregon State Fair for a period of not less than three days and

1 not more than 17 days annually on dates established by the council.

2 (2) The council may engage in all necessary or expedient actions or activities to carry out the
3 mission and purposes of the council described in ORS 565.456.

4 (3) The council may enter into contracts and agreements involving property, goods or services
5 as the council deems reasonable to carry out the mission and purposes of the council or to execute
6 any duties, functions or powers of the council, including but not limited to contracts and agreements
7 related to the conducting of the Oregon State Fair, the carrying out of fairground business oper-
8 ations and the operation of fairground properties and facilities as an exposition center or the con-
9 struction, repair, remodeling, maintenance and insurance of fairground properties and facilities.
10 [*However, the council may not enter into any contract or agreement that will result in a lien on*
11 *fairground properties or facilities that exceeds the available financial resources of the council without*
12 *first obtaining permission for the lien from the Oregon Department of Administrative Services.] **How-**
13 **ever, the council must obtain approval from the Oregon Department of Administrative Ser-**
14 **VICES before entering into any contract or agreement that may result in a lien in excess of**
15 **available council financial resources on fairgrounds properties or facilities owned by the de-**
16 **partment.***

17 (4) The council may sue and be sued in its own name.

18 (5) Subject to subsection (3) of this section and ORS 565.495 [(1)], the council may acquire, pur-
19 chase, receive, hold, control, convey, sell, manage, operate, lease and improve [*real or personal*
20 *property*] **fairground properties and facilities** as the council deems necessary or expedient for
21 conducting the Oregon State Fair, carrying out fairground business operations or operating
22 fairground properties and facilities.

23 (6) ORS 227.286 does not apply to any construction, repair, remodeling or maintenance of
24 fairground properties and facilities.

25 (7)(a) The council may solicit support for carrying out the mission and purposes of the council
26 described in ORS 565.456 and, subject to ORS 565.495 [(1)], may accept conditional or unconditional
27 gifts, grants, donations, bequests and other contributions of money, property, services or other
28 things of value from public or private sources and, subject to any terms of a contribution, may:

29 (A) Expend the contribution to benefit the conducting of the Oregon State Fair, the carrying
30 out of fairground business operations, the operation of fairground properties and facilities, the pro-
31 motion of the Oregon State Fair and related Oregon tourism and other industries;

32 (B) Deposit the contribution in a dedicated acquisition account described in ORS 565.545 (1); or

33 (C) Use the contribution for any other purpose consistent with the mission and purposes of the
34 council.

35 (b) The council may obtain sponsorships, sell advertising space, sell naming rights and engage
36 in other transactions to generate revenue for any purposes consistent with the mission and purposes
37 of the council.

38 **SECTION 3.** ORS 565.545, as amended by section 7, chapter 118, Oregon Laws 2016, is amended
39 to read:

40 565.545. (1) If the conducting of the Oregon State Fair, the carrying out of fairground business
41 operations and the operation, maintenance or repair of fairground properties and facilities by the
42 State Fair Council results in a net profit for the fiscal year, the council shall use any moneys in
43 excess of scheduled expenditures and reasonable reserves only for deposit into depository or in-
44 vestment accounts designated for fairground business operations or [*for the repair, maintenance, ac-*
45 *quisition or operation of fairground property or facilities*] **for other purposes authorized under ORS**

1 **565.451 to 565.575.**

2 (2) The council shall include information regarding the fiscal year net profit or loss from the
3 conducting of the Oregon State Fair, the carrying out of fairground business operations and the
4 operation of fairground properties and facilities in the annual report made under ORS 565.555. The
5 report shall include the amounts for each use made of any net profit moneys.

6 (3) If the total balance of depository or investment accounts described in subsection (1) of this
7 section exceeds \$50 million, the council shall notify the Oregon Department of Administrative Ser-
8 vices. Upon receiving notice from the council under this subsection, the department shall cause an
9 appraisal to be made of the sale and long-term lease values of fairground properties and facilities
10 **owned by the department.** The department shall also determine the payment schedule and out-
11 standing amount of any obligations that have been incurred by state agencies for the purpose of
12 paying for the construction, repair or remodeling of fairground properties and facilities **owned by**
13 **the department,** including but not limited to any amounts owing in payment of revenue bonds or
14 lottery bonds issued for the construction, repair or remodeling of [*fairground*] **the** properties and
15 facilities. The department shall provide the appraisal and obligation information to the council. The
16 council shall include information regarding the balance of the depository and investment accounts
17 described in subsection (1) of this section and the properties and facilities appraisal obligation in-
18 formation provided by the department in the annual report submitted by the council under ORS
19 565.555.

20 **SECTION 4.** ORS 565.575 is amended to read:

21 565.575. (1) The Oregon State Fair shall be conducted on the state property, located in the City
22 of Salem, historically devoted to Oregon State Fair purposes. The fairground properties and facilities
23 described in this section must be dedicated for the conducting of the Oregon State Fair and for the
24 operation of the properties and facilities by the State Fair Council as an exposition center.

25 (2) The Oregon Department of Administrative Services may obtain or receive, by donation, ex-
26 change or purchase, properties and improvements adjacent to the fairground properties and facilities
27 that the department, after consultation with the council, considers beneficial for the conducting of
28 the Oregon State Fair and the use of the properties and facilities and, subject to the terms of any
29 agreement described in ORS 565.495 [(1)], may conduct or approve the construction, repair or re-
30 modeling of improvements, properties and facilities as the department considers necessary or expe-
31 dient for the conducting of the Oregon State Fair, the operation of fairground properties and
32 facilities as an exposition center or other council activities.

33 **SECTION 5. (1) The amendments to ORS 565.495 by section 1 of this 2017 Act:**

34 **(a) Apply to State Fair Council expenditures made before, on or after the effective date**
35 **of this 2017 Act; and**

36 **(b) Do not transfer assets owned by the Oregon Department of Administrative Services**
37 **on the effective date of this 2017 Act to the council unless the department and the council**
38 **agree to the transfer in writing.**

39 **(2) Nothing in the amendments to ORS 565.495, 565.521, 565.545 and 565.575 by sections 1**
40 **to 4 of this 2017 Act modifies the Oregon Military Department authority, ownership or con-**
41 **trol of the Salem armory and associated grounds.**