

SB 897 STAFF MEASURE SUMMARY

Senate Committee On Business and General Government

Action Date: 04/02/19
Action: Do pass and refer to Ways and Means by prior reference.
Vote: 4-0-1-0
Yeas: 4 - Dembrow, Girod, Hass, Riley
Exc: 1 - Olsen
Fiscal: Fiscal impact issued
Revenue: No revenue impact
Prepared By: Tyler Larson, LPRO Analyst
Meeting Dates: 4/2

WHAT THE MEASURE DOES:

Appropriates \$5,625,000 to the Oregon Department of Administrative Services to distribute to State Fair Council to fund assessment of fairground facilities and to conduct deferred maintenance, improvements, and enhancements of fairground facilities. Declares emergency, effective July 1, 2019.

ISSUES DISCUSSED:

- 64 percent increase in State Fair attendance and 94 percent increase in State Fair revenues since creation of the State Fair Council in 2013
- Economic activity and job creation from State Fair
- Need to address deferred maintenance on aging state-owned fairgrounds, including roof and HVAC replacements
- Benefits of improvements that make fairgrounds a more attractive venue for other events

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon State Fair began in 1858 as an agricultural exhibition and expanded in 1977 to include an exposition center. In 1981, the Legislative Assembly directed the Oregon State Fair and Exposition Center (Fair) to become financially self-supporting and removed General Fund support. In 1986, the Legislative Assembly authorized the Fair to sell up to \$10 million in revenue bonds to renovate the horse stadium, build a new livestock pavilion, and construct an outdoor amphitheater. The Fair was unable to generate sufficient revenue to meet both operating and maintenance costs. In 1997, the Legislative Assembly requested the Joint Legislative Audit Committee to evaluate and identify solutions to the Fair's ongoing financial problems. In 2005, the Oregon Parks and Recreation Department (OPRD) began operating the Fair and, upon further evaluation, recommended a different model of governance for the Fair. In 2013, the Legislative Assembly created the State Fair Council (Council), the public corporation tasked with conducting the Fair and promoting Oregon tourism related to the Fair. In 2016, the Legislative Assembly authorized the sale of \$2.5 million in bonds to finance roof repairs and HVAC upgrades.

According to the Council, the Fair realized a net gain from 2015 through 2018, but avoided historical deficits "largely due to a very frugal bare-bones spending strategy...and a relatively minimal investment compared to the millions of dollars of decades-old deferred maintenance and needed upgrades to facilities and equipment." The Council estimates Fair facilities require \$33 million in deferred maintenance, improvements, and enhancements to maximize revenues and maintain future relevance.

Senate Bill 897 appropriates \$5,625,000 to the State Fair Council for the assessment, deferred maintenance, improvement, and enhancement of fairground facilities.