

## HOUSE COMMITTEE ON GENERAL GOVERNMENT

January 21, 1999 Hearing Room D

1:00 p.m. Tapes 4-5

**MEMBERS PRESENT:** Rep. Carl Wilson, Chair

Rep. Jason Atkinson, Vice-Chair

Rep. Chris Beck, Vice-Chair

Rep. Jo Ann Bowman

Rep. Ryan Deckert

Rep. Bruce Starr

Rep. Ron Sunseri

Rep. Terry Thompson

**MEMBER EXCUSED:** Rep. Steve Harper

**STAFF PRESENT:** Cara Filsinger, Administrator

Faye D. Trupka, Administrative Support

**MEASURE/ISSUES HEARD:** HB 2073 Public Hearing

HB 2074 Public Hearing

HB 2075 Public Hearing

HB 2378 Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 4, Side A		

004	Chair Wilson	Opens meeting at 1:03 p.m.
017	Cara Filsinger	Administrator. Describes bills on agenda.
033	Chair Wilson	Opens public hearing HB 2073.
<b><u>HB 2073 PUBLIC HEARING</u></b>		
037	Rep. Kevin Mannix	Representative, District 32. Says changes to the State Fair will require statutory changes. Indicates that fair needs to be self-sufficient. Expresses that the State Fair needs to be a catalyst for economic development.
079	Chair Wilson	Asks if he has any information about the infrastructure of the fair.
084	Rep. Mannix	Replies he will provide that information at a later date.
087	Robert Vernon	Director, Oregon State Fair. Provides overview of HB 2073, HB 2074, HB 2075. States that State Fair has a sponsor relationship which involves mutual exchange of benefits between organizations. Looks for cash flow to benefit the State Fair to lessen public load ( <b>EXHIBIT A</b> ).
117	Vernon	States that the fair has been unable to participate in the development of a sponsorship market because administrative statute does not allow them. Explains rules are ineffective. Describes HB 2074. Mentions that gifts have been given in the past, but they will be implementing a program of active soliciting.
163	Rep. Bowman	Asks about sponsorship, public verses private, of the State Fair. Questions parameters of particular companies that are seeking sponsorship. Expresses concern about tobacco and alcohol sponsorships.
180	Vernon	Replies that the commission is working on a strategy addressing types of sponsorships. States that the State Fair is currently commercial, but will not be working towards more. Remarks that some music events are sponsored by beer companies, but that there will not be more of that kind of advertising.
212	Rep. Bowman	Asks about hiring outside national firm, rather than local, to develop sponsorship activities.
220	Vernon	Responds that the person or company must be able to operate on a national level.
236	Rep. Bowman	Questions why a commission is based on a 15% profit rather than on a flat rate.
253	Vernon	Responds nationally accepted practice. Reports that the typical industry standard is 15% of the money raised.

271	Rep. Bowman	States that for non-profit, it is not a percentage, but rather a flat fee. Asks if the fair is attempting to raise money as a non-profit organization.
288	Vernon	Mentions that the fair is not generally perceived as a non-profit organization. Remarks that they must operate as a business to the extent possible. States that the fair is required to compete for other activities and events such as entertainment events.
321	John McCulley	Representing Oregon Fairs Association. Supports HB 2073. Remarks that county fairs operate under same purchasing statutes as the State Fair. States that county fairs can get some exemptions from the purchasing statutes. Comments it would be simpler if there was a way for them to have a statutory exemption allowing them to seek sponsorships. Requests the bill be amended to include county fairs.
366	Chair Wilson	Asks about procedures regarding granting certain soft drink companies the advertising rights. Inquires if there are sore losers.
384	McCulley	Replies that it depends on the product being sponsored.
396	Chair Wilson	Closes public hearing on HB 2073 and opens public hearing on HB 2074.
<b><u>HB 2074 PUBLIC HEARING</u></b>		
402	Vernon	Describes HB 2074.
430	Rep. Sunseri	Asks if the State Fair is a foundation or does it have 501 (c)(3) status or some status where the contributions can be tax deductible.
436	Vernon	States that currently there is not. Outlines that they are pursuing a foundation to assist in this process so that there would be an official foundation structure and to allow contributions to occur.
440	Rep. Sunseri	Asks if donations made today are of no benefit to the contributor so there is no incentive to making a contribution to the fair.
450	Vernon	States that he is unable to answer the question directly. Believes there is some benefit to giving to a public body, but isn't sure if it is the same as a 501 (c)(3).
457	John Vaughn	Business Director, Oregon State Fair. States that there is some tax advantage available because of the public nature of the State Fair. Remarks that 501 (c)(3) foundation can be created now within existing statute, but would be outside the fair as a parallel organization.
480	Chair Wilson	Asks how donations of hard goods are dealt with.

**TAPE 5, A**

040	Vernon	States that if it was something that they could not use but could turn into cash, then they would do that.
048	Rep. Bowman	Asks are all fair employees considered state employees.
	Vernon	Responds yes.
055	Chair Wilson	Closes public hearing on HB 2074 and opens public hearing on HB 2075

**HB 2075 PUBLIC HEARING**

060	Vernon	Describes HB 2075 and its impact on the State Fair.
089	Rep. Bowman	Ask for clarification on \$75,000 purchase limits.
096	Vernon	Responds that purchases are reviewed by the Department of Administrative Services and the Secretary of State on a regular basis.
106	Rep. Bowman	Asks if women and minority businesses have the opportunity to contract with the State Fair and if so how does that process work.
113	Vernon	States that they follow guidelines governing all state agencies.
121	Rep. Beck	Asks how much money is appropriated by the legislature each biennium for the fair.
126	Vernon	States that they are currently in the Governor's Budget this year. Declares this is the first inclusion in the Governor's Budget in almost twenty years. Mentions that there were appropriations made last year. Says that there have been no public dollars coming to the State Fair.
138	Rep. Beck	Asks about annual budget.
140	Vernon	States that the budget is \$13 million which includes some debt service. Reports that the biennial operating budget is approximately \$12 million.
143	Rep. Beck	Asks for explanation of the major improvements being requested.
146	Vernon	States that there is a \$30 million need over several biennium. Explains that the Governor has included about \$10.5 million for capital improvements. Explains

		the costs. Elaborates on issues of building removal and replacement as well as upgrading facilities to meet current codes.
197	Rep. Beck	Asks if the Governor's proposed \$10.5 million is to begin improvements.
201	Vernon	States that most of those figures are not for improvements. Reports that \$8.5 million is for corrective maintenance such as leaking roofs and safety and sanitary issues.
205	Rep. Beck	Clarifies that up to \$30 million over the next three biennia.
209	Vernon	Responds yes. States that the planning dollars, which is part of the Governor's Budget, would go toward further refining the number.
211	Rep. Beck	Asks if there have been studies which show a need to replace these facilities.
217	Vernon	Replies affirmatively. States the fair has 290 events during the year. Cites an economic impact study, which shows the Exposition Center generates \$137 million per year. Reports that \$50 million of economic impact is outside the Mid-Willamette Valley and has substantial economic impact throughout the state. Remarks that the fair is unable to meet many requests because of facility update needs.
256	Vernon	States that he'd be willing to provide more in-depth information.
279	Chair Wilson	Closes public hearing on HB 2075 and opens public hearing on HB 2378.
<b><u>HB 2378 PUBLIC HEARING</u></b>		
280	Gregory Chaimov	Legislative Counsel. Explains HB 2378 and distributes exhibits <b>(EXHIBIT B)</b> <b>(EXHIBIT C)</b> . Explains that with more clearly defined rules, the measure should result in an accelerated review process. States that if HB 2378 passes, it would eliminate the need for the committee to review temporary rules, which are valid for a short time.
325	Chaimov	Responds yes.
339	Chair Wilson	Closes public hearing on HB 2378.
356	Rep. Bowman	Asks that clarification on questions about Oregon State Fair be received prior to work session.
370	Rep. Beck	Suggests that bringing the audit would be helpful.

Submitted By, Reviewed By,

Faye D. Trupka, Cara Filsinger,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A - HB 2073, HB 2074, HB 2075, Robert Vernon, 6 pp.**

**B - HB 2378, written testimony, Gregory Chaimov, 2 pp.**

**C - HB 2378-1, proposed amendments, Gregory Chaimov, 1 p.**