

Office of the
Legislative Fiscal Analyst

FY 2005 Budget Recommendations

Joint Appropriations Subcommittee for
Natural Resources

Utah Department of Agriculture and Food
Utah State Fair Corporation

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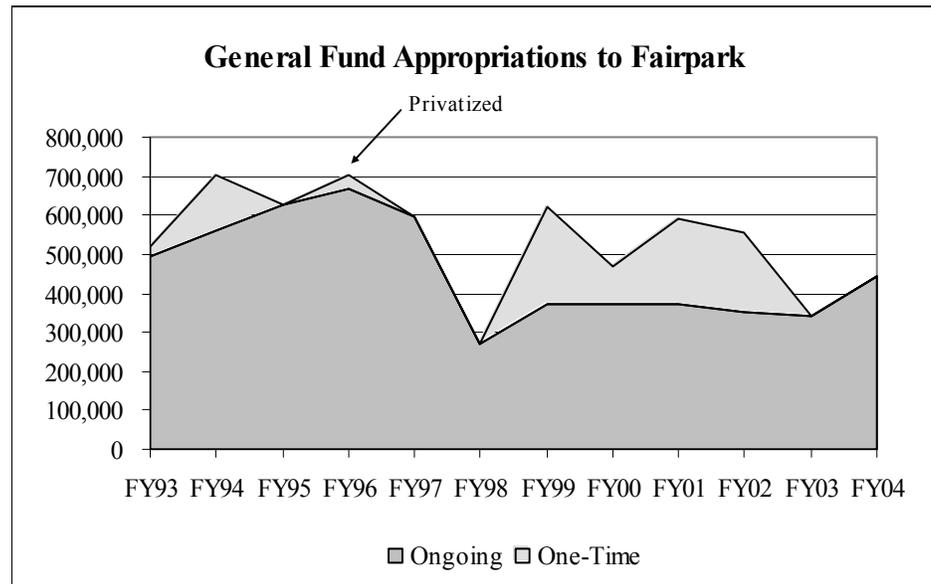
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1.0 Summary: State Fair Corporation

The State Fair is an “independent public nonprofit corporation” (UCA 9-4-1103) that operates the fair and fairgrounds year round. Subject to approval of the board of directors, the corporation may hold other exhibitions that, in its opinion, will best stimulate agricultural, industrial, artistic, and educational pursuits and the sharing of talents among the people of Utah. Utah’s first State Fair was held in 1856, just nine years after the pioneers arrived.

The Fairpark was privatized in 1995 based on the recommendations of a study committee directed to find a way to help the Fairpark become self-sufficient. However, the legislation allowed the new corporation to receive annual appropriations from the state until it could become self-sufficient. The following table shows state appropriations to the Fairpark since FY 1993:



The state leases all 64 acres of Fairpark property to the corporation for \$10 per year.

Since 1995 the corporation has attempted various things to increase revenues. These include having private groups build a science center, aquarium, and amphitheater, and bonding to construct a large multipurpose arena and sports facility. For various reasons these proposals have all fallen through. Other ideas such as selling the property and moving the fair have also been reviewed. The last major study was completed by a committee in 2001, which recommended keeping the fair at its current site and finding a permanent means of funding for facilities.

	Analyst FY 2005 Base	Analyst FY 2005 Changes	Analyst FY 2005 Total
Financing			
General Fund	443,300		443,300
Dedicated Credits Revenue	2,838,200		2,838,200
Beginning Nonlapsing	223,700		223,700
Closing Nonlapsing	(322,200)		(322,200)
Total	<u>\$3,183,000</u>	<u>\$0</u>	<u>\$3,183,000</u>
Programs			
Utah State Fair Corporation	3,183,000		3,183,000
Total	<u>\$3,183,000</u>	<u>\$0</u>	<u>\$3,183,000</u>

2.0 Issues: State Fair Corporation

2.1 Increased Ongoing State Appropriation

The downturn in the economy since 2001 and five days of rain during the 2002 fair have negatively impacted the revenues of the corporation. The 2003 fair (FY 2004) showed improved visitation over 2001 and 2002, but the corporation is still projecting a net loss for the fiscal year. The Fair Board has directed the corporation to request sufficient general funds to break even in FY05. (Funding has also been requested for FY04—\$200,000 to be reviewed later). Without increased funding the corporation may not have enough money to put on the 2004 State Fair.

The following table provides a broad view of the corporation’s revenues and expenditures since FY01:

	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04 Est</u>
Total Revenue	3,911,700	4,070,800	2,817,300	3,360,800
Total Expenses	<u>3,716,700</u>	<u>3,865,000</u>	<u>3,686,500</u>	<u>3,850,800</u>
Net Revenue	195,000	205,800	(869,200)	(490,000)

The corporation has requested an additional \$540,100 to break even in FY 2005. The Governor has recommended \$200,000 in ongoing General Funds beginning in FY 2005 and a one-time supplemental of \$200,000 in FY 2004. The Analyst recommends the Legislature appropriate the same amounts if funding is available.

3.0 Programs: State Fair Corporation

3.1 State Fair Corporation

Recommendation The Analyst recommends a base General Fund appropriation of **\$443,300**. If trends from the last four years hold true, the Fairpark will raise about \$3.6 million in total revenues in FY05. Thus the Analyst’s recommendation represents state funding for approximately twelve percent of all Fairpark revenues.

The Legislature assigned the State Fair appropriations process to the Natural Resources Appropriations Subcommittee at the end of the 2003 General Session. Funds are appropriated to the Department of Agriculture and Food for pass-through to the corporation.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	343,300	443,300	443,300	
Dedicated Credits Revenue	2,474,000	2,917,400	2,838,200	(79,200)
Beginning Nonlapsing	1,453,800	615,300	223,700	(391,600)
Closing Nonlapsing	(615,300)	(223,700)	(322,200)	(98,500)
Total	\$3,655,800	\$3,752,300	\$3,183,000	(\$569,300)
Expenditures				
Other Charges/Pass Thru	3,655,800	3,752,300	3,183,000	(569,300)
Total	\$3,655,800	\$3,752,300	\$3,183,000	(\$569,300)

*Non-state funds as estimated by agency

Purpose The purpose of the corporation is to run the State Fair and other events on the fairgrounds year-round.

Intent Language The Analyst recommends the following intent language:

It is the intent of the Legislature that the appropriation to the Utah State Fair Corporation be nonlapsing.

Performance Measures

Description	2000	2001	2002	2003
State Fair Visitation (in addition to about 300,000 annual non-fair visitors)	285,627	250,461	235,675	277,162

4.0 Additional Information: State Fair Corporation

4.1 Funding History

	2001	2002	2003	2004	2005
Financing	Actual	Actual	Actual	Estimated*	Analyst
General Fund			343,300	443,300	443,300
Dedicated Credits Revenue			2,474,000	2,917,400	2,838,200
Beginning Nonlapsing			1,453,800	615,300	223,700
Closing Nonlapsing			(615,300)	(223,700)	(322,200)
Total	\$0	\$0	\$3,655,800	\$3,752,300	\$3,183,000
Programs					
Utah State Fair Corporation			3,655,800	3,752,300	3,183,000
Total	\$0	\$0	\$3,655,800	\$3,752,300	\$3,183,000
Expenditures					
Other Charges/Pass Thru			3,655,800	3,752,300	3,183,000
Total	\$0	\$0	\$3,655,800	\$3,752,300	\$3,183,000

*Non-state funds as estimated by agency.

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