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## STATUTORILY TRANSFER STATE FAIRGROUNDS BACK TO THE MDA

### House Bill 5341 (Substitute H-1) First Analysis (2-29-00)

**Sponsor: Rep. Larry DeVuyst**  
**Committee: Conservation and Outdoor  
Recreation**

#### ***THE APPARENT PROBLEM:***

The Michigan Exposition and Fairgrounds Act, Public Act 361 of 1978, moved jurisdiction over the state fair from the Department of Agriculture to the Department of Natural Resources (see BACKGROUND INFORMATION). In 1993, the governor transferred the State Exposition and Fairgrounds Office and Council from the Department of Natural Resources to the then-Department of Commerce (which subsequently was combined with the Department of Labor under the Department of Consumer and Industry Services), and placed the administrative functions allocated to the State Fair Manager under the direction and supervision of the director of the Department of Commerce. (Executive Reorganization Order 1993-14, promulgated December 14, 1993 as Executive Order 1993-25, became effective February 13, 1994.) Then in 1997, Executive Order 1997-13 transferred the state fair from the Department of Consumer and Industry Services back to the Department of Agriculture. At the request of the Department of Agriculture, legislation has been introduced that would put the transfer of the state fair back to the department into statute.

#### ***THE CONTENT OF THE BILL:***

The bill would amend the Michigan Exposition and Fairgrounds Act to statutorily transfer control of state exposition centers and fairgrounds under the act from the Department of Natural Resources to the Department of Agriculture, to establish a State Fair and Exposition Fund, to revise the composition of the state fair and exposition council, and to repeal certain current provisions. The bill also would allow the Department of Agriculture to demolish buildings on state fair and exposition grounds when the buildings were deemed unsuitable for state fair purposes.

State fair and exposition fund. The bill would add a new section to the act to create a state fair and exposition fund within the state treasury. The state treasurer would direct the investment of the fund,

which would consist of interest and earnings from fund investments, money or assets from any source, state general fund money appropriated for the state fair that was unencumbered and unspent at the end of the fiscal year, and money generated from events permitted under the act.

Money appropriated to the fund would be expended by the director of the Department of Agriculture, with the advice of the State Exposition and Fairgrounds Council, to provide for an annual state fair, to maintain the state fair and exposition grounds, and for other authorized purposes.

The bill would require the department to submit an annual report to the legislature and the council showing the amount of money received and how it was spent.

State exposition and fairgrounds council. The bill would change the membership of the State Exposition and Fairgrounds Council and eliminate certain of its current responsibilities.

The bill would eliminate the current requirements that the State Exposition and Fairgrounds Council (1) advise the Department of Natural Resources on site design and programs for the state fair and exposition grounds and on construction, facilities modification, or site development at the fairgrounds; and (2) assist the director in developing specifications for open competitive bidding on contracts related to the state fair.

Membership on the council currently includes three departmental directors (none of whom may serve as officers) and eight members appointed by the governor. Currently, the directors of the Departments of Agriculture, Commerce, and Natural Resources (or their designated representatives) are council members,

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along with eight members appointed by the governor. Among the gubernatorial appointees, three must be engaged in farming, one must represent the horse industry, one must represent labor, and one must represent business. The bill would remove the director of the Department of Commerce and the representative from the horse industry from membership on the council, would delete the prohibition against the departmental directors serving as council officers, and would increase the number of members appointed by the governor to nine. Of the gubernatorial appointees, three (as currently) would have to represent the agriculture industry, two (rather than one) would have to represent business, and one would continue to represent labor. In addition, one would have to be from the travel industry and two would have to be from the general public. As currently, not more than five of the gubernatorial appointees could belong to the same political party. The additional gubernatorial appointee would serve for a three-year term, which would increase the number of members who served for three years from three members to four members.

Departmental responsibilities. The act currently allows the Department of Natural Resources to grant leases for all or a portion of the state exposition and fairgrounds, or of a building on the grounds, for terms not to exceed 30 years. Besides changing the act's references from the Department of Natural Resources to the Department of Agriculture, the bill would allow the department to grant an extension of a lease term for up to an additional 20 years.

The department also would be allowed to demolish or allow the demolition of any building or structure on the state exposition and fairgrounds that the director determined was unsuitable for state fair uses.

Finally, the bill would delete current provisions requiring that that a lease terminates if the state sells the state fairgrounds and that require the department to prepare overall site design plans.

Repealers. The bill would repeal Public Act 13 of 1921, pertaining to state fairgrounds and the annual state fair and some provisions of Public Act 361 of 1978, including those pertaining to classified fair employees and the State Fair Revolving Fund.

MCL 285.162 et al.

## ***BACKGROUND INFORMATION:***

The Michigan Exposition and Fairgrounds Act. According to the House Legislative Analysis Section analysis of enrolled House Bill 6223 of 1977, a House Special Committee to Study the Administration of the Michigan State Fairgrounds recommended that the state fair be removed from the jurisdiction of the Department of Agriculture and placed in the Department of Natural Resources. According to the analysis of the bill, which created the Michigan Exposition and Fairgrounds Act, the state fairgrounds had suffered administrative and physical neglect to the point where "the dilapidated and dismal conditions of the fair" resulted in groups and associations electing to exhibit at places other than the state fair. Apparently contributing to this neglect was an overly complicated process whereby an advisory State Fair Authority made recommendations which were reviewed by the director of the Department of Agriculture and then presented to the Agricultural Commission for a final decision. In addition, some people were concerned that the commission was involved with other important issues (including, for example, the aftereffects of the disastrous contamination of animal feed -- and, consequently, of Michigan livestock and poultry -- with the fire retardant polybrominated biphenyl, or PBB, in 1973, and the subsequent extended response to this disaster) and that, as a result, the state fair was not a high priority for the commission. Given the Department of Natural Resource's experience in land management and land site development, the House special committee apparently felt that the transfer of the state fair from the Department of Agriculture to the Department of Natural Resources was necessary if its recommendations to improve and expand the facilities of the fair were to be acted upon.

## ***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, the state fiscal impact of the bill is unknown. (2-24-00)

## ***ARGUMENTS:***

### ***For:***

The bill would statutorily implement the executive transfer of the state fair from the Department of Consumer and Industry Services back to the Department of Agriculture. In addition, in keeping with

the department's ongoing efforts to make the state fair financially self-sufficient, the bill would make a number of changes that would give an incentive to generate additional revenues and allow the department to reinvest in the state fair without having to keep coming back to the legislature for authorizing legislation. Reportedly, three-quarters of the state fair's income is generated in the two weeks that the state fair is open, and if there is bad weather during these two weeks, much of that revenue is lost. In addition, in order to meet public service obligations, revenues are generated by renting out the fairgrounds during the rest of the year. Allowing an additional 20 years on a lease would allow for major improvements and buildings that then would be available to the state fair. Finally, allowing the department to authorize the demolition of unsuitable buildings would facilitate its ability to improve the fairgrounds and would make the fairgrounds more desirable to potential lessees.

***POSITIONS:***

The Michigan Department of Agriculture supports the bill. (2-29-00)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.