

Legislative Analysis



STATE FAIRGROUNDS AUTHORITY

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1130 as passed by the Senate
Sponsor: Sen. Cameron S. Brown
Senate Committee: Agriculture, Forestry and Tourism
House Committee: Agriculture and Resource Management

Complete to 11-29-04

A SUMMARY OF SENATE BILL 1130 AS PASSED BY THE SENATE 9-21-04

The bill would amend the Michigan Exposition and Fairgrounds Act to, among other things, create the State Exposition and Fairgrounds Authority within the Department of Management and Budget (DMB); transfer to the authority responsibilities of the Michigan Department of Agriculture related to the management of the State Exposition and Fairgrounds; establish an authority board, which would replace the State Exposition and Fairgrounds Council; and provide for a manager of the authority (rather than of the State Exposition and Fairgrounds).

Authority Creation

Under the act, the State Exposition and Fairgrounds Council is established within the MDA. Under the bill, the State Exposition and Fairgrounds Authority would be created as a public body corporate within the DMB. The authority would be administered under the DMB's supervision but would exercise its powers and functions independently of the department.

The activities, powers, duties, functions, responsibilities, and rule-making authority of the MDA related to the management of the State Exposition and Fairgrounds would be transferred to the authority by a Type I transfer. (A Type I transfer, under the Executive Organization Act, transfers an existing board, commission, or other agency intact to a principal department. The board, commission, or agency must exercise its duties and functions of rule-making, licensing, and registration independently of the head of the department, and its budgeting, procurement, and related management functions must be performed under the direction and supervision of the head of the department.)

All records, personnel, property, grants, and unspent balances of appropriations, allocations, and other funds used, held, or available to the MDA for the activities, powers, functions, and duties transferred to the authority, also would be transferred.

Authority Duties and Functions

Under the Act, the MDA is responsible for conducting an annual State Fair and other exhibits or events for the purpose of promoting all phases of the state's economy. The act requires the fair and exhibits or events to encourage and demonstrate agricultural,

industrial, commercial, and recreational pursuits. The bill would add educational, entertainment, tourism, technological, and cultural pursuits.

The act requires the MDA to lease the fairgrounds and rent out the use of the buildings and grounds where appropriate, and enter into contracts to conduct the State Fair, exhibits, or other events. The bill would transfer these responsibilities to the authority.

Currently, the control of all land and other property held or acquired by the state for the purpose of holding and conducting the State Fair (excluding the Upper Peninsula State Fair) is vested in the MDA. Under the bill, control of land and property would be vested in the authority. Like the MDA, the authority could enter into contracts to conduct the Fair, exhibits, or other events at the fairgrounds. Under the bill, these contracts would be subject to the requirements of the Management and Budget Act.

Annually, the MDA must present to the governor, the legislature, and the State Exposition and Fairgrounds Council, a report describing the receipts or expenditures regarding the operation of the State Fair and fairgrounds. Under the bill, the authority would have to present the same report to the governor, the legislature, and the DMB.

The bill would permit the authority, rather than the MDA, to enter into licensing agreements with concessionaires permitting games of skill, and to promulgate rules governing the conduct of the State Fair. Any rules in effect on the bill's effective date would remain in effect until rescinded.

The bill would permit the authority to enter into cooperative agreements, contracts, or other agreements with one or more governmental entities to use their personnel, services, or facilities in order to assist the authority with carrying out its duties. The authority also could contract with the DMB for the purpose of maintaining and improving the rights and interests of the authority.

The authority could employ legal and technical experts and other officers, agents, or employees, paid from authority funds. It would have to determine employees' qualifications, duties, and compensation, but an employee could not be paid a higher salary than the manager.

Prohibited Activities

During the time when the annual State Fair was not being conducted, and except as currently allowed under the act, the authority would be prohibited from conducting or allowing gaming, horse racing and wagering, and outdoor automobile or other motorized vehicle racing.

Board Creation and Membership

Currently, the State Exposition and Fairgrounds Council includes the directors of the MDA and the DNR (or their representatives) and nine members appointed by the

governor, with the advice and consent of the Senate, representing the agriculture industry, labor interests, business interests, the travel industry, and the general public. The term of office for appointed members is three years.

The bill would delete reference to the council and its membership. Under the bill, the authority would be governed by an authority board. The board would consist of the directors of the DMB and MDA (or their designees) who would serve as ex officio voting members, and nine members appointed by the governor, with the advice and consent of the Senate, representing the agricultural industry, labor interests, the business community, county fairs, and the general public.

The current council would be abolished October 1, 2004. The terms of the newly appointed members would begin on that date. Council members would be eligible for appointment if otherwise qualified.

The bill states, "[i]t is the intent of the legislature that members of the board represent all geographic areas of the state." Of the nine appointed members, at least one from any category would have to be a resident of Detroit, Ferndale, or Hazel Park.

Currently, council members are paid a per diem compensation and receive reimbursement of expenses. Under the bill, authority board members would serve without compensation but would receive reimbursement for actual and necessary expenses, subject to available appropriations. Members of the board and officers and employees of the authority would be subject to Public Act 317 of 1968 (which governs contracts between public servants and public entities).

Currently, the council selects a chairperson and other officers. Under the bill, the governor would have to designate a board member to serve as its chairperson at the pleasure of the governor. The board would have to select other officers from its voting membership annually.

The board would be subject to the Open Meetings Act and the Freedom of Information Act (as the council is now).

Board Responsibilities

The bill would require the board, except as otherwise provided in the act, to do all things necessary or convenient to implement the purposes, objectives, and powers delegated to the authority by other laws or executive orders, including review and approving policies, including dates for the fair and the budget, and developing an operational and construction plan.

Under the act, the council is charged with advising the MDA director, the legislature, and the governor on the operating budget, capital improvements, programs, exhibits, and other matters relevant to the State Fair. Under the bill, the board would have to report to the DMB director, the legislature, and the governor on these matters.

Currently, the council must advise the MDA director on the selection of a Fair manager. Under the bill, in the event of a vacancy in the office of manager, the board would have to recommend two or more candidates to the governor. The council also must advise the MDA director about the use of the state fairgrounds. The bill would, instead, require the board to approve the use of the fairgrounds.

Neighborhood Advisory Council

As is currently required of the council, the authority board would have to meet at least four times per year. At least one of these meetings would have to be dedicated to soliciting input from the local neighborhood advisory council, which the authority would have to establish for the purpose of gathering public input on the authority's activities.

Manager

The act requires the governor to appoint a manager of the State Exposition and Fairgrounds, who is directly responsible to the MDA. Under the bill, the governor would have to appoint a manager of the authority, who would serve at the pleasure of the governor and would be directly responsible to the authority. The person serving as manager on September 30, 2004, would continue to serve as the manager at the pleasure of the governor.

Currently, the manager receives compensation determined annually by the legislature. Under the bill, compensation would be determined by the authority.

The act requires the manager to administer the business operations of the State Fair; under the bill, he or she also would have to administer the business operations of the authority. As currently provided, the manager would be the chief administrative officer for the management and operation of the State Exposition and Fairgrounds and could enter into contracts and leases; under the bill, these contracts and leases would be subject to the requirements of the Management and Budget Act. Also as currently provided, the manager would be responsible for the financial operation of the State Fair; would have to develop ideas and programs to enhance Fair operations; and would be responsible for preparing the annual Fair budget.

The bill also would require the manager to develop and present to the authority board for its approval a financial plan, a five-year operational plan, a facility and utility renovation plan, and a long-range master plan for authority facilities and the State Exposition and Fairgrounds.

Fund

The act created the State Exposition and Fairgrounds Fund in the State Treasury. The fund consists of money generated from the operation of activities under the act and money appropriated from the General Fund. Upon appropriation, money in the fund is

spent by the MDA director, with the advice of the council, to provide for an annual State Fair, to maintain the State Exposition and Fairgrounds, and as needed by the MDA to carry out its responsibilities under the act. Under the bill, the authority would have to administer the fund and use the money for the same purposes, but the money would have to be spent in the following order of priority: 1) providing for the State Fair; 2) maintaining the State Exposition and Fairgrounds; and 3) any other purpose authorized under the act. The bill would delete reference to money appropriated from the General Fund.

Under the act, the MDA must submit an annual report to the legislature and the council showing the amount of money received under the act and how the money was spent. Under the bill, the authority would have to submit the report to the legislature and the DMB.

Audit

Currently, the Auditor General annually must audit the books and records of the State Fair. The bill, instead, states that the authority would be subject to annual post audits of its financial transactions and accounts and to performance post audits by the Auditor General.

Demolition

Under the act, the MDA may demolish or permit the demolition of any building or structure on the State Exposition and Fairgrounds that the MDA Director determines to be unsuitable for uses consistent with the Fair. Under the bill, the authority could order the demolition of a building if it determined the structure to be unsuitable for Fair use.

MCL 285.161 et al.

FISCAL IMPACT:

The bill would have no apparent fiscal impact.

Legislative Analyst: Mark Wolf
Fiscal Analyst: William Hamilton

■ 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.