



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1131 (as introduced 3-30-04)
Sponsor: Senator Cameron S. Brown
Committee: Agriculture, Forestry and Tourism

Date Completed: 6-9-04

CONTENT

The bill would amend the Michigan Exposition and Fairgrounds Act to transfer the State Exposition and Fairgrounds Council from the Department of Agriculture (MDA) to the Department of Management and Budget (DMB).

Under the Act, the State Exposition and Fairgrounds Council is established within the MDA. The Council is charged with advising the MDA director, the Legislature, and the Governor on the Fair's operating budget, capital improvements, programs, exhibits, and other relevant matters. The Council also must advise the MDA Director on the selection of a Fair manager and on the use of the State fairgrounds. The bill would transfer the Council to the DMB, and retain the responsibilities of the Council.

Council members consist of the MDA Director (or a designated representative); the Director of the Department of Natural Resources (or a designated representative); and nine appointed members representing the agriculture industry, labor, business, the travel industry, and the general public. Under the bill, Council membership would remain the same, except that the DMB Director would replace the Director of the Department of Natural Resources. As currently provided, the Department Directors could not serve as Council officers.

MCL 284.162 et al.

Legislative Analyst: Claire Layman

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

The State Exposition and Fairgrounds (State Fair) receives appropriations in the annual MDA budget to cover its operations. These appropriations are supported from revenue generated at the State Fair from events held throughout the year. Nearly all of the revenue generated by the State Fair accrues during the annual Michigan State Fair held in late August. The State Fair is accounted for in the General Fund, which means that if it does not generate sufficient revenue to cover all of its expenses, the General Fund is responsible for the shortfall. The following table shows revenue received by the State Fair, annual expenses, and General Fund assistance provided to the State Fair for the past seven fiscal years (FYs), FY 1996-97 through FY 2002-03.

Michigan State Fair Financial History Fiscal Year Ending September 30 (thousands)							
	1997	1998	1999	2000	2001	2002	2003
Revenue	\$6,078.7	\$6,684.3	\$6,614.8	\$6,789.5	\$5,350.0	\$4,953.1	\$5,047.3
Expenses	(6,880.3)	(7,322.1)	(6,604.0)	(7,932.2)	(5,265.3)	(4,868.4)	(5,794.0)
Income (Loss)	(801.6)	(637.8)	10.8	(1,142.7)	84.7	84.7	(746.7)
GF/GP Transfer	885.0	707.0		1,250.0			747.0
Income (Loss) After Transfer	83.4	69.2	10.8	107.3	84.7	84.7	0.3

During four of the past seven fiscal years, the State Fair required General Fund appropriations to cover its expenses. In FY 2002-03, the State Fair lost \$746,700. This shortfall was made up by a transfer from various accounts within the MDA budget (\$255,200) and a transfer from various accounts within the DMB budget (\$491,800). In FY 1999-2000, the shortfall was made up by a one-time transfer of \$1,250,000 from the Bovine Tuberculosis Program within in the MDA budget.

Fiscal Analyst: Craig Thiel

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.