




Assembly Bill 1499 Workshop

California Department of Food and Agriculture

June 12, 2019



Welcome

- ▶ Introduction of California Department of Food and Agriculture (CDFA) staff
 - ▶ Webinar and Phone Conferencing Information
 - ▶ Purpose / Overview of Workshop
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Regulation Development

Estimated Timeline


- ▶ Workshops – June 12 / July 11
- ▶ Submission of Regulatory Package to Office of Administrative Law (OAL) – August / September 2019
- ▶ 45 day public comment period; CDFA receives input
- ▶ Public input will dictate if another public comment period is needed
- ▶ Department of Finance will review due to fiscal appropriation
- ▶ OAL makes a final determination/regulations adopted
- ▶ Regulation Development process is anticipated to take 6-8 months once Package is submitted to OAL



Assembly Bill 1499 – Chapter 798


Synopsis

- ▶ $\frac{3}{4}$ of 1% of the total amount of gross receipts sales and use tax when the place of sale is on or within the real property of a state-designated fair as defined in Food and Ag Code
- ▶ Specific uses of the monies generated by AB1499 as defined in Code
- ▶ Fairs must comply with specific working conditions for fair non-management employees, or non-management employees of a business (i.e., leasee) who leases land/property at the fairgrounds.
- ▶ Exception: Does not apply to full-time carnival operators employed by a traveling carnival



Assembly Bill 1499 – Chapter 798


Role of CA Department of Tax and Fee Administration (CDTFA)


- ▶ Tracks gross receipts of sales and use tax
 - ▶ Modified sales and use tax reporting forms
 - ▶ Created educational programs to inform vendors/business
 - ▶ Reports gross receipts to Department of Finance (Finance)
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Assembly Bill 1499 – Chapter 798

Budget Process - Timeline

- ▶ CDTFA - First year estimate (July 2019-June 2020) based upon third quarter of 2018 (July – September 2018)
 - ▶ CDTFA reported \$18.637M – added to the Governor's Budget May Revise
 - ▶ CDTFA to adjust first year estimate and report to Finance on Nov. 1, 2019
 - ▶ CDFA anticipates receiving final adjusted amount in late 2019
 - ▶ Monies deposited into the Fairs & Exposition Fund (Continuously Appropriated)
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Assembly Bill 1499 – Chapter 798

Non-management employees – Enhanced working conditions

- ▶ To receive AB1499 funding, all Fairs must comply with specific enhanced working conditions for fair non-management employees, or non-management employees of a business (i.e., leasee) who leases property at the fairground.
- ▶ For District Agricultural Associations (DAAs), state employees and 125-day employees must be provided the enhanced working conditions.
- ▶ For DAAs, many of the non-management employees are represented by a Union. These enhanced working conditions must be negotiated with the Union. It is anticipated that negotiations will commence Fall 2019.
- ▶ For non-DAAs, the fair shall submit written acceptance of labor union or appropriate labor organizations acceptance of enhanced working conditions.
- ▶ Fair contracting policy and procedures must state that all leases are required to provide the enhanced working conditions to eligible employees.
- ▶ Exception: Does not apply to full-time carnival operators employed by a traveling carnival.



Regulation Review

Provide clarity to AB1499

- ▶ Regulations require certain formatting so OAL will approve inclusion into the California Code of Regulations (CCR)
- ▶ Keep in mind the requirements/provisions of AB1499, as well as other applicable laws, etc.
- ▶ Reasonable, understandable, clear, fair.
- ▶ Review process – one section at a time. CDFA staff will provide brief overview; then provide opportunity for input, questions, comments, etc.



Regulation Review

Current Thinking on Approach – AB1499

- ▶ AB1499 outlines specific usage of the monies (per Business and Professions Code 19620.2):
 - ▶ Projects - Public health and safety; deferred maintenance; emergency related; physical changes to fair property; protect fair property; acquisition or improvement of property or fair facility to enhance the operations of the fair.
 - ▶ Portion of funds may be allocated to fairs for general operational support (for those fairs whose sources of revenue may be limited).
- ▶ CDFA costs to implement provisions of AB1499.



Regulation Review

7020.1 Definitions

- ▶ Definitions provided so that all parties understand the terminology used throughout the Regulation
 - ▶ Are there any other terms that need defining?
 - ▶ Are the existing definitions clear?



Regulation Review

7021.1 Qualified Fair Application Requirements

- ▶ With status as a qualified fair, a fair is then eligible to apply for sales tax allocation.
- ▶ Fair Board approval to provide enhanced working conditions and to require leases provide conditions to all non-mgmt employees. Development of a policy.
- ▶ For all state-designated fairs other than DAAs, the fair shall submit written acceptance of labor unions or the appropriate labor organizations that would hear a non-management employee's labor grievance based on the enhanced working conditions.
- ▶ CDFA must approve eligibility. Appeal process.



Regulation Review

7021.2 Conditions of Eligibility

- ▶ Enhanced working conditions for non-management employees. Verbatim of what is identified in AB1499.
- ▶ For DAAs, state employees and 125-day employees must be provided the enhanced working conditions; subject to union negotiations.
- ▶ For non-DAAs, the fair should review all classifications that work on the fairgrounds to identify non-management staff and determine course of action to ensure those staff receive the enhanced benefits. Will need to submit written acceptance of labor union or appropriate labor organizations acceptance of enhanced working conditions.
- ▶ Does not apply to full-time carnival ride operators employed by a traveling carnival.
- ▶ Fair contracting policy and procedures – specific contract provisions.



Regulation Review

7022 Sales Tax Allocations

- ▶ AB1499 outlines specific usage of the monies (per Business and Professions Code 19620.2):
 - ▶ Projects and General Operational Support
 - ▶ Projects: grant guidelines; project categories; apportion monies as needed by the fair industry
 - ▶ Operational Support: specific to those fairs with limited sources of revenue
- ▶ Fairs receiving an allocation of monies shall provide the enhanced working conditions throughout the duration of the grant agreement/project funding.

Regulation Review

7023.1 Termination By Qualified Fair

- ▶ Fair must submit Board minutes memorializing the decision
- ▶ CDFA needs to approve/confirm termination in writing



Regulation Review

7023.2 Enforcement

- ▶ CDFA may perform regular audits to ensure compliance
- ▶ Fairs shall notify CDFA within 15 business days of receiving notice of a grievance or failure of a leasee to provide the enhanced working conditions
- ▶ Issuance of Finding of a Violation (i.e., grievance is upheld) – Final Ruling
- ▶ Upon issuance of a Finding of a Violation – what then?
 - ▶ CDFA provides written notice to the fair of the violation
 - ▶ Fair shall respond to CDFA (i.e., how will the Fair resolve the problem?)
 - ▶ Escalated enforcement



Regulation Review

7023.3 - 7023.4 – 7023.5 – 7023.6 Appeals; Informal Hearings; Formal Hearings

- ▶ Outlines Fair Appeal Process
- ▶ CDFA Legal will handle the (informal or formal) hearing process



Assembly Bill 1499 Workshop

- ▶ Questions?
- ▶ Next Steps
 - ▶ Fairs should be performing a cost analysis
 - ▶ CDFA will revise the regulations based upon input received
- ▶ Additional input can be submitted to: john.quirroz@cdfa.ca.gov or
 - ▶ jeff.cesca@cdfa.ca.gov
- ▶ Thank you!