



CASCADE POLICY INSTITUTE

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## Summary

The Oregon State Fair was created at a time when agriculture, the fair's focus, was central to social and economic life. As Oregon's economy has become more diversified, interest in the state fair has declined. With increasing costs and declining revenues, Oregon taxpayers find themselves picking up the bill. It is time we considered private, voluntary funding solutions.

**Word count: 618**

***“In spite of a 1991 legislative mandate that the state fair be self-supporting, the fair continues to burden taxpayers year after year.”***

## Fair thee well!

*by Joseph Coon*

The first official Oregon State Fair was held in 1861, just two years after Oregon gained statehood. At the time, agriculture drove the country's economy. According to an Economic Research Service report, farmers made up 58 percent of the U.S. labor force in 1860. The state fair originated as a means of promoting Oregon's agricultural and stock raising industries, which were then central to social and economic life.

Now, on its 142<sup>nd</sup> anniversary, the fair serves a vastly changed Oregon. The economic importance of agriculture has declined as the state's economy has become increasingly diversified. The *Statistical Abstract of the United States* reported, in 1998 the farming, forestry and fishing industries combined accounted for only 2.9 percent of Oregon's gross state product. In Oregon, agriculture has lost its grip as the dominant industry, even as it remains the focus of the fair.

Not only has the state fair become less relevant, but it has become more costly. In spite of a 1981 legislative mandate that the state fair be self-supporting, the fair continues to burden taxpayers year after year. This legislative session, during a budget crisis, Oregon legislators subsidized the fair with \$1.3 million from the general fund and \$3.9 million in lottery funding.

Attempts by fair officials to gain taxpayer funding are not a new phenomenon, and in fact date back to the fair's founding. In 1860, the State Agricultural Society (which created the fair), called on the State Legislature to provide it with funds. According to the Oregon Fair & Expo Center website, “Despite the fact that 28 of the 50 members of the State Legislature were farmers, the request was denied.” Apparently, our current political leaders lack similar fiscal restraint.

The Oregon State Fair is in bad shape. Fair records reveal that attendance has declined over the last 15 years. Strangely, while interest in the fair recedes, the amount of money the fair spends continues to increase. From 2001 to 2002 alone the fair's operating expenses increased by seven percent while its revenue dropped six percent.

This deficit is expected to continue. The State Budget and Management Division notes in its 2003-05 *Governor's Balanced Budget* report, “it is very likely the

State Fair will continue to require a General Fund appropriation, since the cost of maintaining marketable facilities exceeds the capacity of the agency's current revenue stream."

Pouring taxpayer money into a project that has declining public interest and little expectation of beneficial return is bad public policy. The Marion County Assessor's Office estimates the real market value of the Oregon State Fair and Expo Center to be \$51.3 million. The 185-acre fairgrounds should be sold to private entrepreneurs who would use the opportunity to either run the state fair privately, or use the property for other purposes.

Michigan is already exploring such solutions. In 2000 the Michigan State Fair Advisory Board approved a plan to allow Joseph Nederlander, a private contractor, to buy 35-acres of government owned land adjacent to the fair grounds to build a racetrack, theaters, restaurants and hotels. Nederlander agreed to operate the fair's facilities in exchange for the proceeds from concessions. Unfortunately, the lease agreement fell through. In his article "Fairs to Remember," Michael LaFaive of Michigan's Mackinac Center writes, despite this difficulty the Michigan Department of Agriculture "has not given up on the idea of a public-private partnership and is currently examining other possible lease relationships with private developers."

Oregon officials must stop using taxpayer funds to support a state fair with a bottom line chronically in the red. The legitimate functions of government do not include providing entertainment or promoting local industry through state subsidies. To continue a long tradition, Oregonians should choose to support the fair voluntarily.

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