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Deanna G. Ballantyne
Operator's Signature

10/30/03
Date

2003 HOUSE APPROPRIATIONS

HB 1009

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1009

House Appropriations Committee
Education and Environment Division

Check here for Conference Committee

Hearing Date January 10, 2003

Tape Number	Side A	Side B	Meter #
1-10-03 Tape #1	X	X	
Committee Clerk Signature <i>Celste Keller</i>			

Minutes: Chairman Martinson called the meeting to order on HB 1009, the State Fair Association Budget. All members of the committee were present.

Senator Karen Krebsbach Stated that the state gets a big bang for the buck for the North Dakota State Fair investment that is made. She looks forward to the continued support from the state.

Senator Tom Seymour Expressed excitement for the State Fair in Minot and that he has never seen so many youth at any event in North Dakota. He is pleased to back this event.

Representative Maragos Expressed that the State Fair is a special event for North Dakota and proper funding should be the top priority for this family oriented event.

Jerry Effertz Chairman for the board of directors of the North Dakota State Fair Association. He encourages the support of HB 1009. He proceeded to introduce other present board members. While serving on the board for the past 14 years, he has witnessed the State Fair's growth and

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Dennis G. Ball
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development. It is a highlight of thousands of people. The State Fair Board and staff take priority in making the North Dakota State Fair a family event. As a farmer and rancher he is pleased that the ND State Fair continues to be the showcase of ND Agriculture. The ND State Fair is a reflection of all of North Dakota and is recognized around the country as one of the outstanding agriculture fairs. His pledge is to continue to strive to be the most significant family event in the state.

Jerry Iverson His comments were directed to the needs of the State Fair. Please see written testimony provided.

Chairman Martinson: Entertainment drives the fair. There is quite a variance in attendance. How do you feel about the entertainment? You must have some idea of what you need to break even. Is it difficult for us to get what you would consider the top groups?

Iverson: The competition has changed. We had 108 concerts at casinos around this area this year. These concerts made it very difficult. I work with an agency out of Omaha. Fairs are booked and a conglomerate is put together where money is made buying fairs at a package. For Sheyenne Frontier days, George Strait was offered \$1,250,000 to play 5 days and 1 day at the fair and that offer was not looked at. The same offer was made to the Dixie Chicks and they never looked at the offer. \$50,000 was made on the Grandstands last year. It was believed that Huey Lewis would cost \$100,000 and was going to be a major draw. The last time he was there he did 17,000 or 18,000 people. The residuals from that, a little over 4,000 people. It has become a struggle. With the offers out now, they believe it is going to be a strong lineup but it is really a gamble. He stressed getting a strong lineup to attract people from across the state.

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Chairman Martinson: Give a general of the last few years income and expenses and how your doing.

Iverson: We actually had a pretty good year this last year. One of the things done was we refinanced our bonds. It gave us some breathing room. The bond rate improved and the bonds were resold at a lower interest rate. It reduced some of our payments on an annual basis. We are down to about 4.3% on that bond.

Chairman Martinson: You had one of your better years it looks like.

Iverson: Yes we did. This fair was a good fair in terms of exhibit numbers. A record was set in exhibit numbers but not in attendance numbers. Some of the gross incomes were up along with some expenses.

Chairman Martinson: Your miscellaneous is way up, what do you attribute that to?

Iverson: During the prior fair, a windstorm went through and twisted the roof. It was insured and the check went to miscellaneous because there was no other category to put a check from a damaged stage roof. In the same year the money was spent buying another roof.

Representative Wald: Are you insured by the fire and tornado fund and do you have liability through the state?

Iverson: Yes.

Chairman Martinson: How long do we have left on the bond?

Iverson: 2 or 3 years I believe.

Representative Monson: I see zeros for city hotel tax, am I missing something?

Iverson: The North Dakota State Fair directors assumed that money was going to the Fair Association. When it got put into place, the city changed the rules a bit and it wound up going

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into the arena side.

Representative Monson: Appropriation has been \$210,000 the last several biennium's, you said that your using a lot of that for your bond payment and you refinanced your bonds at a lower interest rate. How does that \$210,000 go to pay your bond payments and what part do you use for other things?

Iverson: We use 100% for the bond payment. Bond payment for the biennium is just under \$600,000 and the \$210,000 is applied towards that.

Chairman Martinson: Is the blue ribbon worth more dollar wise than a blue ribbon in another category?

Iverson: Yes. If you make a sawhorse in beginning shop and bring that to the fair you may get a couple dollar prize. If you bring an animal to the fair and you are the grand champion, you probably get \$35.

Chairman Martinson: How about within the category of animals?

Iverson: Within the category of animals as well.

Representative Wald: Last summer the ND Petroleum Counsel had a booth and the building was not air conditioned in the steel quonset in an exhibition building. Is there any money to air condition that building?

Iverson: The building will be air conditioned before this years fair. It is put in the project.

Representative Wald: What is the cost going to be?

Iverson: A little over \$25,000.

Chairman Martinson: On your grandstand, are you at the point where you're not going to get the top attractions that you want because of the seating capacity or is capacity not a problem?

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Iverson: The seating capacity of that grandstand is 5,600 people. When they ask how many people can be seated, I say we can put 15,000 people in there because the stage can be moved. My experience has been that they would fuss about that but once they are there and if there is more people there and they are getting a 70% commission check then we are okay. It's a matter of routing and money. How you get them to route to North Dakota. We are not a big player but are a respected player.

Chairman Martinson: Do you have your entertainment lined up for next summer?

Iverson: The names given earlier are the offers out. Two spots I'm not sure what I want to do with them yet. If you try to buy something today, it may not be liked in July. That is a challenge. You almost have to wait until later to buy because people are not sure what they will like in July.

Chairman Martinson: What age group do you target for your entertainment?

Iverson: We try to target all ages and that is what makes it difficult. We try to appeal to everyone. We think Martina McBride and Alan Jackson will take care of our older audience. Def Leopard will cover the 40-45 year old. Now we need to go after the younger people. The casinos have changed our marketing completely. They don't have customers under the age of 21.

Representative Brusegaard: Do you have any idea about other states and how they fund their state government fund premiums?

Iverson: Yes. Kansas just gave the state fair 29 million dollars. Wyoming once gave their fair 9 million dollars to build a dormitory and I would be pleased to go through some of these for you.

Representative Brusegaard: Do a lot of states fund premiums and prizes for participants?

Iverson: They are involved in operations and they can kind of do what they want. The fortunate

