Date of Hearing: March 25, 2026

ASSEMBLY COMMITTEE ON AGRICULTURE
Esmeralda Soria, Chair
AB 2069 (Krell) – As Amended March 16, 2026

**SUBJECT**: Sales and Use Tax Law: exemption: fairgrounds

**SUMMARY**: This bill, the Fairground Act for Investment and Revitalization (FAIR), will exempt gross receipts from the sale and consumption of tangible personal property used in qualifying projects on fairground land, effective January 1, 2027, following approval from the governing body of the fairground. Specifically, *this bill*:

1) Makes legislative findings and declarations as follows:

    a) California fairgrounds are valuable public assets with facilities suitable for economic development.

    b) Fairgrounds serve as critical sites for emergency and disaster response, community engagement, and regional events.

    c) Encouraging private investment on fairground property can generate long-term revenue streams for fairground operations and create significant regional economic benefits, often in underserved communities, and also increases the state's overall economic output.

    d) The high cost of construction, labor, utilities, and taxes has hindered development, resulting in lost opportunities.

    e) A targeted sales and use tax exemption to support public-private partnerships at state-recognized fairground properties would attract substantial private capital investment, provide fairgrounds with stable revenue streams, create jobs, and grow the state's economy.

    f) A sales and use tax exemption applying only to new developments will not reduce existing revenues, and stimulating new projects will generate net new economic activity benefiting the region and state.

2) Exempts, on or after January 1, 2027, fairs from the taxes imposed by this part the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, tangible personal property purchased for use within a qualifying project that has been approved by a governing body of a fairground.

3) Defines the following:
    a) "Fairground" means fair or state-designated fairground as specified.

    b) "Qualified project" means a new development project, or new phase of an existing project, that is located on the land of a fairground and undertaken pursuant to a lease, sublease, license, or other written agreement, and is approved by a governing body of a fairground.

4) Requires a governing body of a fairground to approve a qualified project for no more than 20 years.
   a) Allow a governing body of a fairground to extend the approval of a qualified project for no more than 20 years.

5) Provides the exemption established by this section does not apply with respect to any tax levied by a county, city, or district pursuant to, or in accordance with, either of those laws.

6) Requires an exemption to not be allowed under this section with respect to sales by, or purchases from, a retailer engaged in business in this state or from a retailer that is authorized by the California Department of Tax and Fee Administration, as specified.

7) Provides that if a purchaser furnishes the retailer with a copy of an exemption certificate, as specified, but uses property purchased with the exemption certificate in a manner not qualifying for the exemption, the purchaser is liable for payment of sales tax, with applicable interest, as if the purchaser were a retailer making a retail sale of the property at the time the property is so used, and the cost of the property to the purchaser shall be deemed the gross receipts from that retail sale.

8) Makes legislative finding and declarations, as specified:

   a) The specific goals of the tax exemption allowed by this section are all of the following:

      i) To encourage new private investment and economic development on fairgrounds.
      ii) To promote long-term financial sustainability of fairgrounds through public-private development partnerships that generate stable lease revenues and infrastructure improvements.
      iii) To increase statewide and regional economic activity by facilitating new development that would not otherwise occur due to, among other things, the high cost of construction, labor, utilities, and taxation in California.
      iv) To generate net new economic benefits, including construction activity, ongoing business operations, and indirect economic impacts, without reducing existing state or local tax revenues.

   b) The performance indicators for the Legislature to use in determining whether the exemption achieves the stated goals are all of the following:

      i) The number of qualified projects approved under this section.
      ii) The amount of private capital investment associated with qualified projects.
      iii) The extent to which qualified projects generate new economic activity, including construction activity and ongoing operations.
      iv) The number of leases generated for fairground operations as a result of qualified projects.
      v) The geographic distribution of qualified projects across regions of the state.

9) It is the intent of the Legislature that the first evaluation of the tax exemption authorized by this section occur no later than December 1, 2031, and that subsequent evaluations occur as determined appropriate by the Legislature.

**EXISTING LAW**:

Imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law provides various exemptions from those taxes.

Requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives that the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

Imposes or dedicates certain state sales and use tax rates for local funding, including through the Local Revenue Fund 2011.

**FISCAL EFFECT**: Unknown

**COMMENTS**: District Agriculture Associations (DAA)s are state government entities governed by nine-member governor-appointed boards of directors; county fairs are either directly operated by counties or not-for-profit organizations; citrus fruit fairs are not-for-profit organizations; and Cal Expo is a state agency.

Current law does not provide any targeted incentive to support new investment on fairgrounds. As a result, many fairgrounds—despite being valuable public assets—face deferred maintenance, aging infrastructure, and limited revenue streams.

While fairgrounds are often opportune locations for a variety of development projects, state taxes can prevent these projects from penciling out—causing communities to miss out on valuable long-term investments. This bill addresses this gap by creating a sales and use tax exemption for projects located on fairgrounds, helping attract private capital, modernize infrastructure, and generate long-term revenue.

Many fairgrounds are located in or near underserved and rural communities, where economic development opportunities can be limited. By enabling new investment on these sites, this bill helps bring jobs, infrastructure improvements, and long-term economic activity directly into those regions.

According to the author, California's fairgrounds play a vital role in their communities by providing multi-use event space and evacuation infrastructure. Fairgrounds are often prime sites for new housing developments, tech incubators, or other investments that could address local needs while creating new jobs. To catalyze these investments and move fairgrounds onto a long-term path away from relying on state taxpayer dollars, AB 2069 proposes to grant them a sales and use tax exemption for tangible personal property purchased for use in development projects located on fairgrounds.

**REGISTERED SUPPORT / OPPOSITION**:

**Support**

None on file

**Opposition**

None on file

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