REPEAL RULE - AGENCY NO. 209.01

FINAL RULE AGENCY NO. 209.01 EFFECTIVE JANUARY 2, 2020

DISBURSEMENT OF STATE FUNDS FOR FAIRS AND LIVESTOCK SHOWS

I. DEFINITIONS

A. Commission means the Arkansas Livestock and Poultry Commission.

B. Premiums means funds appropriated by the General Assembly and administered by the Commission to be disbursed to county and district livestock shows and fair associations in the manner and for the purposes provided in this rule.

C. Clothes line art means sheets of paper crafted by school children for the purpose of displaying their art work on a line or string hung in an exhibit.

D. Exhibitor means a person who enters a display, product or animal.

E. Pureblood means an animal with one purebred parent.

F. Purebred- means an animal of known ancestry within a recognized breed that is eligible for registry in the official herd book of that breed.

II. APPLICATION FOR FUNDS

A. Application forms prescribed by the Commission should be completed in full and postmarked no later than June 30. Applications postmarked by March 1 will receive a one hundred (100) points. Applications postmarked after June 30 will forfeit all premiums for that year.

B. Fair audit forms received by the Livestock and Poultry Commission will be reviewed by an advisory committee for approval or disapproval of any classification.

III. MINIMUM STANDARDS FOR RECEIVING PREMIUM AND CONSTRUCTION FUNDS

To be eligible for consideration for funds, each fair must:

A. Have a lease of at least 2 years with a rollover clause or own fairgrounds and file a copy of lease or proof of ownership with the Commission;

B. Take place during the months of July-October of each year unless it is a Junior District Fair. All county fairs must be held prior to their district fair. A county fair board may appeal to the Commission and request an exemption to have its fair at a later date if the fair can show that it has had a loss of attendance due to pest infestation during the time period required by the rule;

C. Have a duration of at least 3 days;

D. Publish and circulate a catalog or tabloid either online or in print;

E. Have a fair board of no less than eight members, elected on a countywide basis as called and presided over by fair board election procedures, with officers consisting of president or chair, vice-president or vice-chair, secretary and treasurer. District fairs must have a voting board member from each county in their district, elected by that county. Fair board election procedures must be included in the association's by-laws and a copy of by-laws of each board must be filed with the Commission:

F. Bear the name of the county, district, or state fair;

G. Offer at least 10 approved classifications of exhibits. One must be livestock, as offered in catalog or tabloid or online;

H. Be able to document through point system that the fair is continually improving and making progress or at least maintaining the status quo;

I. File as a non-profit organization as recorded by the by-laws of the association or other documents furnished to the Commission; and

J. Establish and maintain proper internal controls to assure that all funds of the fair are properly receipted, recorded and disbursed with appropriated accounting records, reconciliations and source documents in support of transactions. Must adhere to the following procedures:

- Maintain reconciled bank statements containing all canceled checks;
- 2. Maintain supportive invoices and contracts for all construction expenditures to

be attached to canceled checks;

- 3. Maintain transaction ledger that is reconcilable to bank statements, i.e.,
 deposits and expenditures;
 - 4. Maintain separate bank accounts for local operating funds, state premiums and state construction;
 - 5. Separate accounting duties so that no one individual has complete control or authority over financial transactions;
- Require two signatures on construction fund checks over \$100;
 - 7. Use numbered tickets to account for gate admission receipts and submission of four and one-half percent surcharge to the Commission. Admission receipts must be documented—through bank deposits reflecting such purpose;
- Officials handling financial matters must be covered by fidelity bond;
- 9. File annual itemized listings of all premium and construction expenditures
- reflecting check numbers in sequence, payee, amount and premium classification

or construction purpose; and

10. Maintain all records for a period of five (5) years.

IV. SPECIFIC REQUIREMENTS FOR PREMIUM FUNDS

A. Premium funds must be used only for the purpose of paying awards on approved entry classifications.

B. Except as provided in Paragraph I, below, exhibitors must be residents of Arkansas. Each unit is not considered an exhibitor, but a person may be counted as an exhibitor in each classification in which he/she has an entry. Exhibitors may not receive funds from more than one (1) county association during any fiscal year.

C. Funds will not be disbursed to county, district, state, and 4-States fairs until an officer of the respective association has furnished a bond to the Commission for the amount of funds due.

D. Each fair must complete a check register form and submit the completed form to the Commission no later than 90 days after the conclusion of the fair each year.

E. Premium funds are not approved for such classifications as beauty contests, baby shows, antique shows, skills contests, purchased machinery (such as cars and farm equipment), or other noncreative categories in which a human is judged in preference to a product or animal. This does not preclude fair associations from using their local funds for these purposes.

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- 1. paying expenses for judges such as fees, travel, meals, etc.;
- 2. construction expenses of any type;
- 3. purchase of land

G. Premium funds may be used in purchasing awards such as trophies and ribbons.

H. Any unspent funds remaining each fiscal year must be refunded to the Commission.

I. Out of state junior exhibitors shall not be qualified to receive Arkansas state premium funds. If counties allow exhibitors from other counties or districts, they will only be able to pay premiums from that association's local funds or by approval of the Fair Administrator, unless that county does not have a fair. When out-of-state junior exhibitors are allowed to show with Arkansas junior exhibitors, the Arkansas junior exhibitors shall be placed in an Arkansas class regardless of how they place in overall competition. Arkansas junior exhibitors shall have priority over out-of-state junior exhibitors in entry or by barn space set aside for Arkansas exhibitors.

V. SPECIFIC REQUIREMENTS FOR CONSTRUCTION FUNDS

A. Construction funds must be used on lands owned by the association or under a lease as outlined in Section III.A. for construction and repair of buildings and facilities. See attached listing of allowable expenditures.

B. Fair associations must file a bond with the Commission covering the amount of state funds due.

C. Construction funds must not be used for paying premiums at or for acquiring sites for county or district fairs.

D. Any unspent balances remaining at the end of each biennium must be refunded to the Commission.

E. In the event the Arkansas Department of Agriculture (Department) has any construction funds remaining after the disbursement of those funds as provided in this rule, fairs may submit specific proposals for the use of said funds and any further granting of funds will be decided by a committee selected by the Department.

VI. POINTS CRITERIA:

A. Duration of fair: (Three days is minimum)

1. Three days	Thirty (30) points
2. Four days	Forty (40) points
3. Five days	Fifty (50) points
4. Six or more days	Sixty (60) points

B. One (1) point for each exhibitor from that county who, during the same fiscal year, enters an exhibit in both their county and district fair. Two (2) points if entered in their county, district and Arkansas State Fair.

C. One (1) point for each one hundred dollars (\$100.00) or greater part thereof that the county or district association provided for paying premiums in addition to state funds appropriated for that purpose during a fiscal year. State premiums must not be used to compute these points. This claim must be supported by canceled checks at the time of application. Fairs must furnish a list of all animals sold in the premium sale, indicating weight and market value. \$25,000.00 maximum allowable for points.

D. Ten (10) points for publication of a fair catalog or tabloid, either in print or online.

E. One hundred (100) points for verified attendance of each representative (up to six members) of the county or district fair association at the Arkansas State Fair Managers Association annual seminar.

F. Three (3) points for each voting member of the local applicant county or district fair managers association attending at least four meetings during the year. Twenty-seven (27) points maximum.

G. Twenty (20) points if an admission fee (any amount) is charged or accepted for attendance to the fair. Other objective methods of attendance verification may be acceptable—subjective estimates are not acceptable.

H. Five (5) points if a statement appears in the published catalog that only purebred or pureblood livestock or animals equal to Breed Association Herd Book quality are admitted. (poultry and rabbits are exempt from this requirement.)

I. Five (5) points if numbered gate tickets with stubs are sold.

J. Ten (10) points for an exhibit never used at the applicant's fair before. The exhibit must be actually new to the applicant fair and not just a change in title or new description of an already existing exhibit. (Points awarded one time only.) (Limit of 5)

K. Ten (10) points for each percentage increment of county population attending the fair up to 50%:

Fifteen (15) points for 50% to 75% of county population attendance; and Twenty (20) points for 75% to 100% of county population attendance.

L. One (1) point for each exhibitor, and one (1) point for each of the allowable classes entered in your fair. Three hundred (300) maximum allowable for clothes line art exhibitors. (See attached list of allowable classes of exhibits.)

M. Deduction of one hundred (100) points if fair does not publish the Commission's Livestock Exhibition Rules in print or online and assist in the enforcement thereof. Deduction of 200 points if any livestock are allowed to be exhibited without examination of health papers by a designated person and made available to Commission personnel for approval.

N. One hundred (100) points for filing premium application along with canceled checks and listing by March 1 of each year. If the application is not postmarked by June 30, the fair will not receive any state premium funds.

O. Each county fair will receive four points for each first and second place winners in the food preservation division that show at their district fair. Each district fair will receive 2 points for each 25 jars of food preservation entered at that level. District fairs will receive 5 points for each blue ribbon winner entered at the state fair.

P. County fairs will receive 10 points for entering rabbits at their district fair. District fairs will receive 5 points for each county entering rabbits at the district fair.

Q. County fairs that enter chickens at their district fair will receive 10 points.

R. County fairs will receive 3 points for each head of livestock up to 25 head and 2 points for every group of 25 head entering the district fair. Each district fair will receive one point for each head of livestock up to 100 head and one point for each group of 25 head thereafter entered at the district fair. Each district fair will receive 5 points for each of its respective counties that show junior livestock at the district fair.

S. County and/or district fairs will receive one hundred and fifty (150) points if they appointed a delegate who attended the Arkansas Fair Managers Convention in January. An additional one hundred fifty (150) points will be awarded to that county and/or district if its delegate attended the meeting with the Board of the Arkansas Fair Managers and the General Session.

VII. EXEMPTIONS AND AUTHORITY

A. Any exemptions from this rule must be approved in writing by the Commission.

B. Authority: ACA §§ 2-33-107 and 2-36-201

ALLOWABLE EXHIBIT CATEGORIES

Beef Cattle Senior Beef Cattle Junior Dairy Cattle Senior Dairy Cattle Junior Swine Senior

Swine Junior
Goats-Senior
Goats-Junior
Sheep-Senior

Sheep-Junior Poultry-Senior Poultry-Junior Rabbits-Senior Rabbits Junior

Horses Senior
Horses Junior

Food Preservation Senior
Food Preservation Junior

Clothing Senior Clothing Junior

Household Arts Senior

Household Arts Junior

Field Crops-Senior

Field Crops-Junior

Food Preparation-Senior Food Preparation-Junior Handicraft or Crafts Senior Handicraft or Crafts Junior Home Furnishings Senior

Home Furnishings Junior Art Senior
Art Junior (300 points maximum for

clothes line art) Flowers-Senior Flowers-Junior

Hobbies-Senior

Floral Arrangements-Senior Floral Arrangements-Junior Educational Booths-Senior Educational Booths-Junior

Hobbies Junior
Apiary Senior
Apiary Junior
Aquaculture Senior
Aquaculture Junior

ALLOWABLE CONSTRUCTION EXPENDITURES

- Constructing newbuildings
- Renovating existing buildings
- Repairing existing buildings
- Site clearing, grubbing, excavation, drainage and sewer
- Repair of streets, electrical distribution, streets and flood lighting facilities, fencing and paying existing indebtedness for such purposes
- All improvements to grounds that remain on the fairgrounds under the control of the fair association
- Labor used for the purposes listed
- Painting facilities
- Building materials
- Parking lots
- Arenas
- Bleachers
- Stalls
- Water systems
- Concession Stands
- Ticket Booths
- Pens
- Bathrooms
- Stages
- Ground Maintenance

Contact Livestock and Poultry Commission auditors or Commission office if unsure about expenditures.

QUESTIONNAIRE FOR FILING PROPOSED RULES WITH THE ARKANSAS LEGISLATIVE COUNCIL

	ARTMENT/AGENCY_Arkansas Department of Agriculture/Livestock & Poultry Commission
	SION Livestock & Poultry
	SION DIRECTOR Patrick Fisk
	TACT PERSON Wade Hodge
	RESS #1 Natural Resources Drive, Little Rock AR 72205
	NE NO. <u>501-219-6361</u> FAX NO.
	AIL wade.hodge@agriculture.arkansas.gov
	IE OF PRESENTER AT COMMITTEE MEETING Patrick Fisk
PKE	SENTER E-MAIL Patrick.fisk@agriculture.arkansas.gov_
	INSTRUCTIONS
A. B.	Please make copies of this form for future use. Please answer each question <u>completely</u> using layman terms. You may use additional sheets, if necessary.
C.	If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
D.	Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:
	Jessica C. Whittaker Administrative Rules Review Section
	Arkansas Legislative Council
	Bureau of Legislative Research
	One Capitol Mall, 5th Floor
	Little Rock, AR 72201
****	**************************************
1.	What is the short title of this rule? <u>Disbursement of State Funds for Fairs and Livestock Shows</u>
2.	What is the subject of the proposed rule? The rule outlines the mechanism for funding of fairs that was provided by law prior to Act 700 of 2021. It is now necessary to repeal the rule because Act 700 changed the funding mechanism.
3.	Is this rule required to comply with a federal statute, rule, or regulation? YesNox
	If yes, please provide the federal rule, regulation, and/or statute citation.
4.	Was this rule filed under the emergency provisions of the Administrative Procedure Act? YesNox
	If yes, what is the effective date of the emergency rule?
	When does the emergency rule expire?
	Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes No

5.	Is this a new rule? Yes No_x If yes, please provide a brief summary explaining the rule.
	Does this repeal an existing rule? Yes_xNoIf yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does. See the attached summary for further explanation.
	Is this an amendment to an existing rule? Yes No x If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. Note: The summary should explain what the amendment does.
6.	Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation. A.C.A. § 2-36-101.
7.	What is the purpose of this proposed rule? Why is it necessary? See attached summary
8.	Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b). www.agriculture.arkansas.gov
9.	Will a public hearing be held on this proposed rule? YesNo If yes, please complete the following: Hearing will be held if requested
	Date:Sept. 17, 2021
	Time:10:00am
	Place: 1 Natural Resources Drive
10.	When does the public comment period expire for permanent promulgation? (Must provide a date.) _TBD
11.	What is the proposed effective date of this proposed rule? (Must provide a date.) _November 1, 2021
12.	Please provide a copy of the notice required under Ark. Code Ann. § 25-15-204(a), and proof of the publication of said notice.
13.	Please provide proof of filing the rule with the Secretary of State as required pursuant to Ark. Code Ann. § 25-15-204(e).

14. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

	ARTMENTArkansas Department of Agricul	Iture/Livestock & Poultry Commission				
	ISION Livestock & Poultry					
	SON COMPLETING THIS STATEMENT_					
	EPHONE NO. <u>501-219-6361</u> FAX NO					
EMA	AIL:wade.hodge@agriculture.arkansas.gov					
To co State:	omply with Ark. Code Ann. § 25-15-204(e), pleasurement and file two copies with the questionnaire	ase complete the following Financial Impact and proposed rules.				
SHO	RT TITLE OF THIS RULE_Disbursement of	State Funds for Fairs and Livestock Shows				
1.	Does this proposed, amended, or repealed rul Yes Nox	e have a financial impact?				
2.	Is the rule based on the best reasonably obtain evidence and information available concerning the rule? Yesxx No	nable scientific, technical, economic, or other ng the need for, consequences of, and alternatives to				
3.	In consideration of the alternatives to this rule least costly rule considered? Yes_x 1	e, was this rule determined by the agency to be the				
	If an agency is proposing a more costly rule, I	please state the following:				
	(a) How the additional benefits of the more co	ostly rule justify its additional cost;				
	(b) The reason for adoption of the more costly	y rule;				
	(c) Whether the more costly rule is based on to if so, please explain; and	the interests of public health, safety, or welfare, and				
	(d) Whether the reason is within the scope of explain.	the agency's statutory authority, and if so, please				
4.	If the purpose of this rule is to implement a federal rule or regulation, please state the following: N/A					
	(a) What is the cost to implement the federal rule or regulation?					
	Current Fiscal Year	Next Fiscal Year				
	General Revenue Federal Funds	General Revenue Federal Funds				

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Yes	No	X	
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If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously

with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.



ARKANSAS DEPARTMENT OF AGRICULTURE

1 Natural Resources Drive, Little Rock, AR 72205 agriculture.arkansas.gov (501) 225-1598



June 21, 2021

Memorandum Analyzing Proposal to Repeal the Arkansas Livestock and Poultry Commission's Rule for Disbursement of State Funds for Fairs and Livestock Shows

Purpose:

The Arkansas Department of Agriculture (Department) is seeking Governor Hutchinson's review of the Department's proposal to repeal the Arkansas Livestock and Poultry Commission's (Commission) existing rules for Disbursement of State Funds for Fairs and Livestock Shows.

Background:

State law previously required the Commission to grade fairs based on a point system developed by Commission rule. The Commission's rule awarded points based on many specific but far-ranging criteria including, but not limited to, the duration of the fair, the population attendance, whether numbered gate tickets with stubs are sold, whether fairs appointed delegates to attend the Arkansas Fair Managers Convention, and the types and numbers of exhibits at the fair, etc. The fairs were then funded based on the fair's total points in relation to the total points of all counties with qualifying associations.

During the 2021 session of the Arkansas General Assembly, the legislature passed Act 700 which repealed the current fair funding point system. Instead of a point system, Act 700 provides funds based on a historical average of total fair-funding provided by the State. The Act requires funding recipients to keep financial records and submit annual financial reports to the Department and Arkansas Legislative Audit. The Act is self-executing and does not require the Department to promulgate rules to implement the law.

Discussion:

Prior to Act 700, the Commission was required to promulgate rules to develop the point system and grade fairs for funding based on the criteria it developed. Now that Act 700 has repealed the point system in favor of providing funding based on historical funding averages, the Commission's rules no longer are necessary, and further, they conflict with the new funding system in Act 700. It is therefore necessary to repeal the current fair funding rule, and because Act 700 is self-executing, it is not necessary to promulgate any further rules in response to the Act.

Recommendation:

Staff recommends that the Commission's current fair funding rule be repealed.



ARKANSAS DEPARTMENT OF AGRICULTURE

1 Natural Resources Drive, Little Rock, AR 72205 agriculture.arkansas.gov (501) 225-1598



June 23, 2021

TO: Editor Arkansas Democrat-Gazette

FROM: Wade Hodge, Chief Counsel

Arkansas Department of Agriculture

SUBJECT: Legal Notice

Please publish the enclosed legal notice in the June 26 – 28, 2021 issues of the Arkansas Democrat-Gazette. Please bill us in the usual manner.

WH:II

Enclosure

CC: Caleb Stanton, Governor's Office

Arkansas State Library U of A Library, Fayetteville

Legal Notice

Arkansas Livestock and Poultry Commission

The Arkansas Livestock and Poultry Commission is proposing amendments to its rules as follows:

- 1. Garbage Feeding Rule (Swine): A proposed rule amendment which will prohibit feeding meat or meat by-products to swine.
- 2. <u>Disposal of Large Animal and Poultry Carcasses</u>: A proposed rule to clarify proper methods of animal carcass disposal and combine two separate rules for disposal of large animal and poultry carcasses.
- 3. <u>Carcass Disposal Poultry</u>: The Commission is proposing to repeal this rule if the combined new rule is approved.
- 4. Regulation for the Disposal of Large Animal Carcasses, Excluding Dogs and Cats: The Commission is proposing to repeal this rule if the combined new rule is approved.
- 5. <u>Disbursement of State Funds for Fairs and Livestock Status</u>: The Commission is proposing to repeal this rule to comply with Act 700 of 2021 which repealed existing law regarding funding of fairs and livestock shows and created a fair-funding program within the Department of Agriculture.

Comments may be mailed to Arkansas Livestock and Poultry Division, ATTN: Patrick Fisk, PO Box 8505, Little Rock, AR 72203, or emailed to patrick-fisk@agriculture.arkansas.gov

Comments will be accepted beginning June 26, 2021, until the close of business July 25, 2021.

The proposed rule change may be viewed on the web page at www.agriculture.arkansas.gov

Wade Hodge, Chief Counsel

Arkansas Department of Agriculture

ARKANSAS REGISTER



Proposed Rule Cover Sheet

Secretary of State John Thurston 500 Woodlane Street, Suite 026 Little Rock, Arkansas 72201-1094 (501) 682-5070 www.sos.arkansas.gov



Name of Department
Agency or Division Name
Other Subdivision or Department, If Applicable
Previous Agency Name, If Applicable
Contact Person_
Contact E-mail
Contact Phone_
Name of Rule
Newspaper Name
Date of Publishing
Final Date for Public Comment
Location and Time of Public Meeting