

Finance Committee

HB 2212

Brief Description: Concerning the creation of cultural access programs.

Sponsors: Representatives Springer, Haler, Lytton, Habib, Tarleton, Appleton, Fitzgibbon, Roberts, Senn, Bergquist, Carlyle, Walkinshaw, Wylie and Pollet.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none"> • Allows a county or group of counties to create a cultural access program. • Authorizes a county that creates a cultural access program to impose a local sales and use tax or a property tax levy.

Hearing Date: 1/23/14

Staff: Dominique Meyers (786-7150).

Background:

Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products and some services. A retail sale is a sale to the final consumer or end user of the property, digital product or service. If retail sales taxes were not collected when the user acquired the property, digital products or services, then use taxes applies to the value of property, digital product or service when used in this state. The state, most cities and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.1 percent, depending on the location.

Property Tax.

All real and personal property in this state is subject to the property tax each year based on its value, unless a specific exemption is provided by law. The tax bill is determined by multiplying

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the assessed value by the tax rate for each taxing district in which the property is located. The county treasurer mails a notice of tax due to taxpayers and collects the tax.

Summary of Bill:

Cultural Access Program.

A county or contiguous counties may create a Cultural Access Program (CAP) with funding derived from a sales and use tax or a property tax levy imposed by the county. The program would be administered by the county or a designated entity chosen by the county. A designated entity is a nonprofit organization or public agency.

The programs primary purpose must be the advancement and preservation of science or technology, the visual or performing arts, zoology, botany, anthropology, or cultural or natural history, with direct programming or experiences for the general public.

A county may establish an advisory council. Members of the council should reside in the county in which the CAP is created. Policies concerning the size and operation of any advisory council must be established by the county that creates the CAP.

A county with a population less than 1.5 million may contract with the state arts commission for consulting, management or other administrative services to facilitate in the operations of a CAP.

Tax Authority and Funding.

A county that creates a CAP may provide repayment of startup funds, including interest, advanced to the program from the proceeds of any tax authorized and levied.

A county may levy either a sales and use tax or an additional regular property tax levy, but not both. A sales and use tax is in addition to other taxes and may not exceed 0.1 percent. A property tax may not exceed an amount equal to the total taxable retail sales for the most recent year multiplied by a rate of 0.1 percent and is subject to the 101 percent levy limit. The property tax levy authorized is outside the \$5.90 limit but is subject to the constitutional one percent limit. A tax imposed by the county expires seven years after it is first collected, but a county may reimpose the tax for one or more additional seven-year periods.

A county may accept grants, loans, and other contributions from any source, as long as it does not compete with cultural organization fund raising.

A county must affirm that funding available under these provisions does not supplant the usual and customary funding provided to cultural organizations.

Allocation of Funds.

Large County. A county with a population of more than 1.5 million must allocate funds in the following priority:

- repayment of start-up funds;
- administrative costs (up to 1.25 percent of total funds);
- a public school cultural access program (10 percent of remaining funds);

- distributions to nonprofit regional cultural organizations, based on average annual revenues of at least \$1.25 million for the prior three years (75 percent of remaining funds); and
- distributions to public agencies designated by the county to fund grants to community-based organizations pursuant to established guidelines (any remaining funds but administrative costs of the public agency may not exceed eight percent of remaining funds).

Other Counties. A county with a population less than 1.5 million must allocate funds in the following priority:

- repayment of start-up funds and administrative costs of the county;
- school cultural access program (amount determined by the county);
- distributions to the designated entity responsible for making remaining distributions to regional organizations, community-based cultural organizations and amounts for administrative costs incurred by the designated entity.

Programs Supported by a CAP.

Public school cultural access programs must be designed to increase public school student access to programs offered by regional and community-based organizations receiving CAP grant funding and, among other things, must include a centralized service to coordinate opportunities, funding for transportation, and an annual school access plan and annual report.

Grants for projects of regional benefit are awarded on a competitive basis at least annually by a county with a population of 1.5 million or more. Other counties are not required to award grants on a competitive basis. Projects may include public information and promotional activities, support for new cultural organizations, and support for specific projects to expand access to underserved populations.

Distributions to regional organizations must be used to support cultural and educational activities and basic operations of the organization, but not capital expenditures. Allocation of revenues to a regional organization may not exceed 15 percent of the organizations operating budget. Funding to community-based organizations may be used for both operating costs and capital expenditures.

Accountability Measures.

A county may provide funding only to cultural organizations that provide discernible public benefits. Public benefits include providing reasonable opportunities for access to programs or services on a reduced or no admission basis, providing services and educational programs in locations other than the organization's facilities, broadening cultural programs and exhibitions for the enlightenment and entertainment of the public, and supporting collaborative relationships and capacity-building projects for the benefit of the public.

Annually or at the conclusion of a project, any recipient of funding must report to the county, designated entity or relevant public agency on the public benefits realized.

A county must adopt a baseline standard of performance for evaluating the continuing eligibility of organizations to receive funding.

Appropriation: None.

Fiscal Note: Requested on 1/17/14.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.