

**ALTERNATIVE SOURCES
OF INCOME FOR THE ARTS**

FINAL REPORT

submitted by
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of BAY CONSULTING GROUP

for
THE NATIONAL ENDOWMENT FOR THE ARTS
"Reassessment of Support for Arts Organization Resources"

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INTRODUCTION

This research document profiles currently available Alternative Sources of Income for the Arts in the US (with two additional examples of international funding models). It was created as part of the Bay Consulting Group's efforts to help the National Endowment for the Arts evaluate its Planning and Stabilization funding efforts. The list is not exhaustive. There is no consideration, for instance, of any alternative source of income available through government agencies. Nor is the list all-inclusive in each category mentioned. The number of communities employing Hotel/Motel Tax funds for the arts, for instance, is so large that we have profiled just a representative sampling. The list, also, does not include alternative sources of income that may have been in use in the past in communities, but are not currently extant (cable franchise fees for the arts, for instance).

What this paper does provide is an up-to-date cross-section of the types of sources in current use. Those sources are:

- Amusement/Entertainment Taxes & "User Fees"
- Coal Production Taxes
- Corporate Filing Fees
- Gambling and Lotteries
- Hotel & Motel Taxes
- Income Tax Checkoffs
- Income Tax Credits
- License Plates
- Non-Resident Performers and Professional Athletes Income Tax
- Real Estate Taxes
- Special Tax Districts

In each category, there is a list of representative programs. Each program is given a historic profile with an explanation of how the program works, as well as current contact information (address, phone, fax, email and contact person). When possible, there is financial data on the program for the last two completed fiscal years and an estimate for the current fiscal year - both for the alternative source of income as well as for the recipient agency so that the relative impact of the source can be easily assessed. The following research differs significantly from all other data currently available in its listing of current contacts and current comparative fiscal information. Communities and their arts organizations have been inventive and aggressive in their approaches to finding alternative sources of income - this paper presents a profile of those efforts.

Morrie Warshawski
Bay Consulting Group

AMUSEMENT/ENTERTAINMENT TAXES & "USER FEES"

• ARIZONA ARTSHARE

ARIZONA COMMISSION ON THE ARTS

417 W. Roosevelt St.

Phoenix, AZ 85003

Ph 602.255.5882 Fax 602.256.0282

Shelley Cohn, Executive Director

Email scohn@arizonaarts.org

Effective July 1, 1997, the Arizona Legislature created the Arizona Arts Endowment Fund called "Arizona ArtShare." This fund hopes to grow to a total of \$40 million over a ten year period - \$20 million in public funding, \$20 million in private donations - with the principal to remain intact perpetually and the interest to be distributed annually (beginning in 1999) to support three basic areas: Large institutions' working capital; Mid-sized organizations' training and working capital; and Arts Education. The public portion of the fund is coming from an increment in the state's existing Commercial Amusement Tax, which comes primarily from tickets to sporting events and movies. The state has committed to depositing in ArtShare up to \$2 million a year for ten years. The Tax generates about \$30 million a year. When it reaches \$24 million, the Arizona ArtShare gets the next \$2 million. The first \$2 million was deposited in September 1998, and the second \$2 million is expected by July 1999.

• BROWARD COUNTY CULTURAL AFFAIRS DIVISION

100 S. Andrews Ave.

Fort Lauderdale, FL 33301-1829

Ph 954.357.7457 Fax 954.357.5769

<http://www.co.broward.fl.us/arts.htm>

Michael G. Brew, Assistant Director

Email mbrew@co.broward.fl.us

The Broward Cultural Affairs Council through The Broward County Commission was able in 1986 to have approved the earmarking of an existing sales taxes on "admissions" to fund the arts. The tax is equal to 6-cents on admissions to a variety of entertainment venues including: bowling alleys, race tracks, public golf courses, amusement parks, theaters, etc. One-quarter cent of this tax is retained by the county for the Cultural Affairs Division. This tax was expanded in 1991 to include a "music store" category (including record shops, electronic supplies, movie theaters, television stores, video sales, and others). The tax was expanded one more time in 1994 to include a "rental of tangible personal property" category (e.g. videocassette rentals, boat rentals, computer rentals, etc.). This dedicated funding source grows with the economy, is interest-bearing, and unused grant or operating expenses are returned to the fund. There are no restrictions on BCCAD's use of the sales tax funds, which are pooled together each year and become part of the operating budget. Monies have gone toward personnel services, marketing, arts education, grants to organizations, capital equipment and general operating expenses. Figures for the last three years:

<u>TAX</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>
Admissions	\$507,386	\$563,421	\$582,485
Music Stores	\$2,041,589	\$1,949,409	\$1,990,290
Rentals of Prprty	\$633,439	\$701,105	\$683,766
Totals	\$3,182,414	\$3,213,935	\$3,256,541
BCCAD OpBud	\$12,115,894	\$13,835,520	\$12,151,302

• **PORTLAND CENTER FOR THE PERFORMING ARTS**

1111 S. W. Broadway
Portland, OR 97205
Ph 503.248.4335 Fax 503.274.7490
Harriet Sherburne, Director

In the late 1980's the city of Portland Exposition-Recreation Commission enacted a "user's fee" that is added to tickets sold at all events in publicly-owned sports, arts and convention facilities. Organizations that use the facilities must pay the tax from ticket sales. The revenues from the fees go directly to each facility's operating fund in the form of earned income. The tax is based on a rate schedule tied to the price of the ticket (from 50 cents to \$1.50 per ticket), and non-profit presenters and performers are not exempt from paying the tax. The fee is a continuing policy of the Commission and does not need to be reauthorized. In 1997 the city pledged a total of \$300,000 per year for five years toward operations of PCPA so that the Commission could establish special user fee rates for the nonprofit resident companies at a flat rate of 50 cents per ticket or 4% per ticket on tickets priced at \$5.00 or below for student, youth or other special community outreach performances. The only nonprofit arts facility owned by the city is the Portland Center for the Performing Arts. Approximate figures for fees collected for the past three years:

	<u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>
PCA User Fees	\$1,140,000	\$ 880,000	\$640,000*

*(less two months not yet reported)

• **WINNIPEG ARTS ADVISORY COUNCIL**

#207 - 180 Market Avenue
Winnipeg, Manitoba R3B 0P7 Canada
Ph 204.943.7668 Fax 204.942.8669
Mrs. Billie Stewart, Director
Email waac@escape.ca

In 1993, the city of Winnipeg entered into an experiment - still on-going - to remove its Winnipeg Arts Advisory Council's (WAAC) funding away from general revenues (which are primarily property taxes), and toward funding directly from an Amusement Tax earmarked for support to the arts. The tax represents an additional 10% added to an admission price of \$5.00 or more at any "place of amusement" including cinemas, concerts, sporting events, trade shows, the

zoo and festivals. The city collects the tax, then returns the portion collected at the Winnipeg Enterprises Sports/Entertainment facility to Winnipeg Enterprises Corporation (WEC); and the remainder going to WAAC. The city also guaranteed a "floor" of \$1,974,552 to go to WAAC no matter what the size of the tax collected, with shortfalls made up from general revenue. The theory has been that the amusement tax would increase annually to cover this amount eventually. The tax has not reached this amount yet, but it has been increasing gradually each year. WAAC distributes the funds in the form of operating grants, special project grants, individual artists grants and for administration costs. The tax measure is constantly being besieged by amendments for exemptions, which has placed its longevity at risk. The increase in 1998 Revenue is a one-time glitch represented by tax on the sale of the Winnipeg Jets NHL team.

	<u>1996</u>	<u>1997</u>	<u>1998</u>
Amusement Tax Revenue	\$2,044,198	\$2,285,128	\$3,032,668
Repayment to WEC	(\$1,078,048)	(\$1,191,448)	(\$1,746,529)
Amount to WAAC	\$966,150	\$1,093,680	\$1,286,139
Shortfall Covered by City	(\$1,008,402)	(\$880,872)	(\$688,200)

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 The **City of Chicago** has an amusement tax, but it is not earmarked specifically for the arts. The city goes through an annual appropriation process that determines which municipal departments receive the revenues.

Seattle, Washington also has an admissions tax, but revenues are added to the city's general fund and are not specifically earmarked for the arts.

COAL PRODUCTION TAXES

• **THE MONTANA CULTURAL TRUST**

MONTANA ARTS COUNCIL

316 N. Park Avenue, Room 252

P. O. Box 202201

Helena, MT 59620-2201

Ph 406.444.6430 Fax 406.444.6548

The Montana Cultural Trust was created in 1979 funded through a tax on coal production. Currently, 2/3 of 1% of the tax is directed to the corpus of the Cultural Trust. This annually produces about \$250,000 to help build the corpus of the Trust. The corpus has become a frequent target for elimination as it has grown in size and state finances have become difficult. In 1997 the \$8 million trust was reduced by half to fund the purchase of the territorial capital of Montana, Virginia City. This meant that interest on the Trust, which is normally used to fund grants, was reduced by half. The legislature agreed to backfill the lost interest with state general funds in both 1998/99 and 2000/01.

	<u>1997</u>	<u>1998</u>	<u>1999 (projected)</u>	
Cultural Trust Corpus	\$7,518,157	\$3,845,926	\$3,856,041	
Cultural Trust Income		\$587,588	\$498,695	\$483,242

CORPORATE FILING FEES

• **ARIZONA ARTS TRUST FUND**

ARIZONA COMMISSION ON THE ARTS (ACA)

417 W. Roosevelt St.

Phoenix, AZ 85003

Ph 602.255.5882 Fax 602.256.0282

Shelley Cohn, Executive Director

Email scohn@arizonaarts.org

In 1989 the Arizona legislature created the Arizona Arts Trust Fund - a set-aside of \$15 of the filing fees required of for-profit corporations, which was generated by raising the filing fee by \$15, and is deposited with ACA quarterly. The bill originally focussed on funding major institutions, but then later was broadened to include smaller organizations. In addition, the legislation requires that funds can only be used by organizations that demonstrate ethnic and minority participation on their boards. The funds immediately doubled the amount of grants available from ACA. Funds are used for general operating support grants to about 115 arts organizations. One-third of the funds must go to rural and ethnic run organizations. Fees collected for the last two years, estimate for current year, and ACA annual operating budgets are as follows:

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Corporate Filing Fees	\$1,066,000	\$1,166,000	\$1,250,000 (estimate)
ACA Budget	\$3,600,000	\$4,200,000	\$4,200,000

• **CULTURAL INSTITUTIONS TRUST FUND**

DIVISION OF CULTURAL AFFAIRS

FLORIDA DEPARTMENT OF STATE

The Capitol

Tallahassee FL 32399-0250

Ph 850.487.2980

Cindy Schillig, Accountant

Email cschillig@mail.dos.state.fl.us

In 1998, Florida became the first state to use corporate filing fees to fund the arts by establishing a Cultural Institutions Trust Fund administered through the state's Division of Cultural Affairs (DCA). Monies come from a variety of areas including corporate filing fees, foreign corporation fees, limited partnerships and fictitious names. The fund is used for grants to support approximately 55 major cultural institutions in the state, as well as grants to small and medium-sized organizations (based on an annual application and review process), operating support for the DCA, and a few line-item grants including the Ringling Brothers Museum. Figures for the last three years (Filing Fees and DCA Total Operating Budget) are as follows:

	<u>1997/98</u>	<u>1998/99</u>	<u>1999/2000</u>
Corporate Filing Fees	\$14,115,995	\$16,176,444	\$16,814,825
DCA Total Budget	\$24,556,033	\$32,929,190	\$32,228,929

GAMBLING & LOTTERIES

• ARTS COUNCIL OF ENGLAND

14 Great Peter Street
London SW1P 3NQ England
0171 312 0123 fax 0171 973 3980
email lottery.com@artscouncil.org.uk

The National Lottery of England was established in November 1994 and has now completed three full years of operations. It earmarks at least a quarter of the income from lottery ticket sales into the National Lottery Distribution Fund, which is divided equally between five "good causes": the arts, sport, heritage, charities and projects to mark the new millenium (and a sixth cause yet to be established). In FY 1998/99 the five "good causes" received a total of £1.7 billion. Monies for arts projects in England are distributed by The Arts Council of England, which in turn has targeted three distinct lottery programs: Capital, Film Production, and Dance and Drama Students Funding. The Arts Council of England's total grants for the last FY 1998/99 were £436.6 million (\$700 million), and of this £250 million (\$403 million) came from its share of the National Lottery. Grants to organizations are normally not less than £5,000 (\$8,050) and no more that £1 million (\$1.61 million). Lottery funds for the arts are also distributed by three other distributing bodies: Scottish Arts Council (total annual operating budget FY 199/00 is £48 million and of this sum £21 million is from the Lottery), The Arts Council of Wales and The Arts Council of Northern Ireland (figures not available for these two).

• CITY OF DEADWOOD, SOUTH DAKOTA

OFFICE OF PLANNING, ZONING AND HISTORIC PRESERVATION

108 Sherman Street
Deadwood, SD 57732
Ph. 605 578.2082
Chris Hetzel, Historic Preservation Officer
email hpc@deadwood.net

Gambling was allowed within the city limits of Deadwood, South Dakota (pop. 1,800) beginning in 1989 for the sole purpose of funding the historic preservation of the community. Of the 8% Gaming Tax, the Deadwood Historic Preservation Commission has received \$6 million to \$6.5 million annually. From this amount, the Historic Deadwood-Lead Arts Council receives an appropriation that is determined and renewed annually by the Commission (no set percentage is regulated by law). These funds may be used only for arts projects that have some link to historic preservation. The last three fiscal years, this amount has been \$12,500/year. The city's History Museum has also received an annual allotment of \$50,000/year the past three years, and some of this has gone towards arts/culture-related programs.

• **MASSACHUSETTS CULTURAL COUNCIL**

120 Boylston St., 2nd Floor
Boston, MA 02116-4600
Ph 617.727.3668 Fax 617.727.0044
Jerry Berger, Communications Director
jerry@art.state.ma.us

Legislation authorizing a state arts lottery passed in 1979 and created a Massachusetts Arts Lottery Council, which merged with the Massachusetts Council on the Arts and Humanities in 1990 to create the Massachusetts Cultural Council. The Council is currently the only state arts agency in the US that receives lottery funds for support. Annually the State Legislature appropriates a portion of the Megabucks Lottery to the Council. These funds are transferred to the state's General Fund and then to the Council on a quarterly basis (25% of the appropriation per quarter). The Council, in turn, takes a portion of its allocation and uses a formula to direct funds to 335 cities and towns throughout the state. Total allocation to the Council for the last three completed fiscal years and current year:

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Lottery Allocation	\$14 million	\$14.1 million	\$14.7 million	\$17.3 million.

OTHER COUNTRIES WITH EXPERIENCE FUNDING ARTS THROUGH LOTTERIES

- Western Australia
- Ireland
- New Zealand
- Finland
- Canada: The Province of Ontario
- Germany

(These lotteries are covered in detail in J. Mark Davidson Schuster's articles "Funding the Arts and Culture Through Dedicated State Lotteries" - Parts I and II. *Cultural Policy*, Vol. 1, Nos. 1 & 2, 1994/5.)

INDIAN RESERVATIONS' USE OF CASINO PROFITS FOR NATIVE ARTS & CULTURE PROJECTS

CA, OR, CT ... Not covered in this research, but might be worth looking into.

HOTEL & MOTEL TAXES

(Some form of hotel-motel tax is currently in use in about 40 communities throughout the US, including Flagstaff, New York City, Houston, Seattle and San Francisco. A few representative profiles are below.)

• **GREATER COLUMBUS ARTS COUNCIL**

55 E. State St.
Columbus, OH 43215
Paula Manhenette, VP for Administration and Finance
Ph. 614.224.2606 email pmenhenett@gcac.org

The Greater Columbus Arts Council (GCAC) was created in 1973. In 1978 it began receiving funds from the city's hotel-motel tax. By 1982 the municipal room tax had been increased and the Council was given a dedicated 20% portion of the tax, which then equaled an allocation of \$425,000. Current regulations allow the Council to receive 29.412% up to a maximum total dollar amount of \$3.3 million. If the Council's percentage exceeds this amount, the City allocates the excess elsewhere (often to fund special projects for the arts. The City requires the Council to spend 75% of the tax income on Community Funding, including: grants, technical assistance, individual artist fellowships and designated projects.

	<u>1997</u>	<u>1998</u>
Hotel/Motel Tax	\$2,588,000	\$2,850,000
GCAC Budget	\$4,020,497	\$4,340,926

• **MIAMI-DADE COUNTY CULTURAL AFFAIRS COUNCIL**

111 NW 1st Street, Suite 625
Miami, Florida 33128
Ph 305.375.4634 Fax 375.3068
Debbie Margol, Deputy Director
Email debo@co.miami-dade.fl.us

Enacting legislation in 1978 created a 2% bed tax in Miami-Dade County. Of these funds, 20% is mandated to go to the Cultural Affairs Council (CAC) to be used to "...promote Dade County tourism by sponsoring tourist-oriented cultural and special events." The Council disperses these funds on a competitive basis to individuals and organizations who apply annually. In addition to re-grants, the bed tax funds cover the entire administration of the Council.

	<u>ACTUAL</u> <u>1997</u>	<u>ACTUAL</u> <u>1998</u>	<u>ANTICIPATED</u> <u>1999</u>
Bed Tax Income	\$1,771,000	\$2,087,354	\$2,681,906
CAC Total Budget	\$5,104,500	\$2,087,354	\$2,681,906
Tax as % of Budget	35%	39%	44%

• **REGIONAL ARTS COMMISSION (ST. LOUIS)**

3540 Washington Avenue
St. Louis, MO 63103
Dan Tierney, Assistant Director/Controller
Ph 314.652.5511 email dan@stlrac.org

The Regional Arts Commission of St. Louis was created in 1985 to promote, encourage and foster the arts and cultural institutions in St. Louis City and County. It is guided by a fifteen-member Commission appointed by the Chief Executives of St. Louis City and County, and run by a professional staff of six. Currently the Commission receives the majority of its annual operating budget from an allocation of 4/15 of the 3.75% hotel/motel room sales tax revenue collected from St. Louis City and County. The Regional Arts Commission's percentage is mandated by law, with the remaining 11/15 going to the St. Louis Convention and Visitors Commission. RAC projects a consistent annual increase in revenue annually at around 2-3%. However, if the city builds a new convention center hotel revenues could go up significantly. Restrictions on use of the funds are very few, with the major exception being that no funds may go to the organizations currently receiving support from the city's Metropolitan Zoological Park and Museum District.

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Hotel Motel Tax Revenue To Regional Arts Commission	\$3,454,517	\$3,576,529	\$3,631,736

• **SAN DIEGO COMMISSION FOR ARTS AND CULTURE**

1010 2nd Avenue, Suite 555
San Diego, CA 92101
Victoria Hamilton, Executive Director
Ph 619.533.3050 email vah@citymgr.sannet.gov

The City of San Diego Commission for the Arts and Culture receives the major portion of its annual operating budget from the city's Transient Occupancy Tax (TOT), which was started in 1964. Initially a 4% tax, the rate now stands at 10.5%, with the Commission receiving a amount of one-cent for each 10.5-cents collected, with total amounts collected continuing to grow annually. The Commission also receives funds from state and federal agencies and local foundations/businesses. TOT funds cannot be used for capital outlays, deficits or religious organizations. The Commission currently split its \$9 million in TOT funding into five areas: 84% in Organizational Support to local arts and culture organizations; 8% to administration; 5% for festivals and celebrations; 2% to neighborhood arts and 1% to the public art fund.

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Transient Occupancy Tax to SDCAC	\$5,928,545	\$6,448,228	\$8,298,564

INCOME TAX CHECKOFFS

• ALABAMA STATE COUNCIL ON THE ARTS

201 Monroe Street
Montgomery, AL 36130-1800
Ph 334.242.4076 Fax 334.240.3269
Bill Bates, Deputy Director
Email staff@arts.state.al.us

The Alabama State Arts Council (ASAC) has administered the Arts Developments Funds since 1983. These funds are made up of contributions by Alabama citizens through a voluntary tax checkoff from annual state income tax refunds. Tax payers may contribute any amount they wish from their refunds to the Arts Development Fund. Originally the arts were the only option for a tax checkoff, but now the arts are in competition with ten other causes (Wildlife, Child Abuse, etc.). There are no restrictions on how the ASAC may use the funds.

	<u>1996/97</u>	<u>1997/98</u>	<u>1998/99 (projected)</u>
Tax Checkoff Funds	\$18,000	\$18,500	\$17,000
ASAC Total Operating Budget	\$3,520,623	\$4,505,623	\$5,133,523

• RHODE ISLAND STATE COUNCIL ON THE ARTS

95 Cedar Street, Suite 103
Providence, RI 02903
Ph 401.277.3880
Randall Rosenbaum, Executive Director
Email randy@doa.state.ri.us

Rhode Island State Council on the Arts (RISCA) receives funds from a voluntary Income Tax Checkoff that first appeared on the state's income tax form in 1985. Taxpayers are given the option of donating \$1, \$5 or \$10 from their refund directly to one of four charitable areas, and the arts is one of these. Originally, the funds generated by the tax were given to an Arts & Tourism Commission, which in turn gave the monies out as grants to organizations. This Commission was eventually absorbed by RISCA, which now disburses the funds. The amounts collected have been quite modest, and have been falling the last 3 years.

	<u>1995/96</u>	<u>1996/97</u>	<u>1997/98</u>
Income Tax Collected for Arts	\$5,357	\$4,398	\$3,899*
Percent of Filers Contributing	.5%	.4%	.3%
Amount Given to RISCA	\$5,250	\$5,250	\$5,250
Total State Appropriation to RISCA	\$633,480	\$619,920	\$674,243

*Notes: Years represent calendar for Income Tax, but June-July for RISCA. 1997/98 figures for Income Tax are through 11/25/98 only. On amount given to RISCA, the state has given the same amount the last three years regardless of the tax collected.

INCOME TAX CREDITS

• MONTANA TAX INCENTIVE FOR DONATIONS TO CHARITABLE ENDOWMENTS

MONTANA COMMUNITY FOUNDATION

101 N. Last Chance Gulch, Suite 211

Helena, MT 59601

Ph 406.443.8313 Email mtcf@mt.net

Bill Pratt, Program Director

In 1997 Montana saw the passage of a new tax credit allowing donors to pay less in state income taxes by giving a qualifying planned gift to a Montana charitable endowment. The bill allows for a state tax credit in the amount of 50% of qualifying contributions, up to a maximum \$10,000 credit per-year per-individual, and a credit of equal size for gifts from an estate or corporation. The tax credit will be reviewed for renewal or sunseting in 2001. Figures are not kept for exactly how much of the fund has gone to endowments of nonprofit arts organizations. However, the tax incentive brought in approximately \$20 million for all charitable endowments in 1997 and 1998. The Montana Community Foundation reports receiving over \$1 million a year that can be attributed to the tax credit in 1997 and 1998, and 20% of its assets are tied to arts and culture. Arts organizations in the state whose endowments have benefited from the tax incentive include The Albert Bair Theatre, Yellowstone Arts Center and the Great Falls Symphony.

LICENSE PLATES

• CALIFORNIA ARTS COUNCIL

1300 I St., Suite 930
Sacramento, CA 95814
Ph. 916.322.6555 or 1.800.201.6201 Fax 916.322.6575
Adam Gottlieb, Marketing and Communications Officer
Email cac@cwo.com

The genesis for the California Arts License Plate goes back to 1991 when the agencies State-Local Partnership program received a \$300,000 grant from the NEA with the stipulation that the state match those funds with new state revenue. The concept took hold, the Governor signed a bill for the plate in 1992, and the plates (designed by Wayne Thiebaud) went on sale in 1993 making it the first license plate in the US designed solely to benefit the arts. Funds from the plates are used by various local arts education programs in addition to 15 cities in California receiving city project support. In addition to arts education, arts plate monies have been used for: youth services, technical assistance, multicultural performing groups, downtown arts districts, festivals, and to expand public awareness about the arts. The plate has competition from seven other specialty plates. In 1994 - its first full year of operation - arts plates brought in \$84,736 in revenue, jumping to \$339,815 in 1995. More recent figures are below:

	<u>96/97</u>	<u>97/98</u>	<u>98/99*</u>	<u>99/00*</u>
License Revenue	\$473,000	\$524,000	\$635,000	\$685,000
Interest	<u>\$25,000</u>	<u>\$15,000</u>	<u>\$25,000</u>	<u>\$25,000</u>
Total Rev+Interest	\$498,000	\$539,000	\$660,000	\$710,000
CAC Budget:	\$13,891,000	\$14,025,000	\$39,961,000**	\$28,993,000**

Notes:

* Estimate, not actual.

** CAC Budget includes a one-time allotment of \$17,328,000 for Cultural Institutions in 98/99 and \$8,848,00 for 99/00.

• DIVISION OF CULTURAL AFFAIRS

FLORIDA DEPARTMENT OF STATE

The Capitol
Tallahassee FL 32399-0250
Ph 850.487.2980
Sandy Shaughnessy
Email Sshaughnessy@mail.dos.state.fl.us

The Florida Arts License Plate Program was created in 1994. Funds are collected by the Florida Department of Highway Safety and Motor Vehicles, which keeps a 7% administrative fee and then transfers monies to the Division of Cultural Affairs, which in turn distributes funds back to each county where the plates were sold. Funds can be used to support arts organizations, programs and activities within each county, and are administered by a recipient organization

within the county (e.g. a local arts agency or local arts council. Counties that receive more than \$25,000 in a year must submit to a full audit. Other counties submit an annual affidavit and other required reports. The total income over three years per counties has varied from as little as \$293 in Lafayette County, to as high as \$211,966 in Dade County. As of 3/1/99 the cumulative total income from tag sales since inception of the program was \$2,622,318. For the last two completed fiscal years, the income was:

	<u>96/97</u>	<u>97/98</u>
License Plate Income	\$694,132	\$766,561

Florida expects the totals to continue increasing annually.

• TENNESSEE ARTS COMMISSION

404 James Robertson Parkway
 Parkway Towers, Suite 160
 Nashville, TN 37243-0780
 Ph 615.741.1701 Fax 615.741.8559
 Bennett Tarleton, Executive Director
 Email btarleton@mail.state.tn.us

The Tennessee Arts Commission (TAC) has received funding for its grantmaking activities from the sale of personalized and collegiate license plates since the early 1980's. In 1994, Tennesseans for the Arts (TFTA), the state arts advocacy organization, gained legislative approval for a specially designed "arts tag" to compete with tags for other state agencies and special funds (Watchable Wildlife, state parks). Revenue from the sale of the tags are used without restriction by TAC for its grant categories of matching grants for arts and arts education activities in communities across Tennessee. The formula for split of tag income is complicated, but roughly: 100% of personalized tag revenue goes to

TAC; other tags result in TAC receiving as much as 80% or as little as 40% of revenue, depending on the type of tag.

	<u>1998</u>	<u>1999</u>	<u>2000 (estimate)</u>
Art License Plate Income	\$1.2 million	\$1.2 million	\$1.9 million
TAC Operating Budget	\$3.4 million	\$4.2 million	\$4.2 million

• TEXAS COMMISSION ON THE ARTS

P. O. Box 13406, Capitol Station
 Austin, TX 78711
 Ph. 512.463.5535 Fax 512.475.2699
 Gaye Greever McElwain, Administrator of Marketing/PR
 Email Gaye.McElwain@arts.state.tx.us

In 1993, the Texas Legislature passed House Bill 2223 creating the Texas *State of the Arts* license plate, which went on sale beginning in 1995. Of the 16 million registered motor vehicles in the state of Texas, approximately 200,000 are registered with specialty plates. Of these, 17,032 were arts plates. Currently, there are 95 different designs to choose from, which poses a great deal of competition for the arts plate. Even so, the arts plate became the fastest selling specialty plate in 1998 (at a rate of 506 per month). The plate sells for \$25 more than a regular plate (\$65 more for a personalized plate), with \$20 going to TCA. The following figures show TCA's total annual operating budget first, followed by income from arts plates for each year:

	<u>1997</u>	<u>1998</u>	<u>1999</u>
TCA Total Budget	\$3,824,616	\$4,793,029	\$4,855,429
Income from Arts Plates	\$140,390	\$231,867	\$275,000

Estimate for 2000 is that arts plates will reach \$300,000 in income to TCA.

NOTE: License plate programs for the arts have just begun or are soon to be implemented in the following states: Alabama, Indiana, New York and Virginia

**NON-RESIDENT PERFORMERS AND PROFESSIONAL
ATHLETES INCOME TAX**

• **MISSOURI ARTS COUNCIL**

111 N. Seventh St.

St. Louis, MO 63101

Anne Bergeron, Associate Director

Ph 314.340.6845 Fax 314.340.7215

Email abergero@mail.state.mo.us

At the end of 1993 the Missouri Legislature passed into law the framework for the creation of the Missouri Cultural Trust — a public endowment fund established for the sole purpose of supporting the program and administrative budget of the Missouri Arts Council. The goal of the Trust is to develop a fund of \$200 million over a ten-year period, half from public funds and half from private donations. Initially, no funds were designated for the Trust. One year later the General Assembly approved a designated tax to fund the trust — the Non-Resident Performers and Professional Athletes Income Tax. The Arts Council receives 60% of the taxes collected annually, not to go beyond the year 2008, and not to exceed a total of \$10 million in any single year. The other 40% is divided equally between Public Libraries, Public Broadcasting, Humanities Commission and Historic Preservation. To-date, the Arts Council has received a total of \$18 million from the tax, with \$4 - \$5 million conservatively estimated for the current Fiscal Year and approximately the same each year thereafter. In FY99, the Cultural Trust board and MAC staff embarked on a planning process to determine how the funds should be utilized to serve the entire state, and how the private matching monies would be raised. A programmatic design was created to support capital incentive initiatives (endowments and cultural facilities) and organizational development. The capital incentive component was tested in a pilot challenge program begun in December 1998 and completed in June 1999. The pilot raised over \$10 million in matching funds from the private sector in seven months. The organizational development component will be tested in a pilot program during FY00.

REAL ESTATE TAX

• **ASPEN/SNOWMASS COUNCIL FOR THE ARTS**

110 E. Hallam St., Suite 118
Aspen, CO 81611
Ph 970.920.7477 Fax 970.920.5700
Email aspenart@rof.net
Janet Garwood, President

In 1979, the City of Aspen approved a 0.5% Wheeler Opera House Real Estate Transfer Tax (WRETT) - imposed on the seller of real estate as a percentage of the selling price - in order to repay revenue bonds sold to raise funds to refurbish the historic Wheeler Opera House, and to provide ongoing support for the visual and performing arts. Originally, the WRETT allowed up to \$100,000 per year to be used for support of visual and performing arts, but the City has long since given more than this amount. The City makes grants to 18 arts organizations, one of which is the Aspen/Snowmass Council for the Arts (ASCA). There are no restrictions on the use of the WRETT funds by ASCA. In May 1997, the WRETT was extended to 2019.

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Total WRETT Revenues	\$1,386,826	\$2,342,779	\$1,020,000(budget)
Amount of WRETT to Arts	\$249,690	\$243,420	\$304,083
ASCA Annual Budget	\$110,456	\$122,500	\$131,300
WRETT grant to ASCA	\$15,500	\$12,000	\$16,250

• **MONTANA CULTURAL FACILITIES COUNTY PROPERTY TAX**

MONTANA ARTS COUNCIL
316 N. Park Avenue, Room 252
P. O. Box 202201
Helena, MT 59620-2201
Ph 406.444.6430 Fax 406.444.6548

In 1985 the Montana Legislature allowed counties the option of voting and approving, on two-year cycles, the imposition of a property tax at a rate of up to two mills (each "mill" raises \$1 in revenue for every \$1,000 of a property's taxable value). Funds can be used only for "the purpose of maintaining, operating, and equipping parks and cultural facilities." Taxes have been imposed in 28 of the 56 Montana counties, with tax rates ranging from .06 mills (Rosebud County) to the full 2 mills (Cascade County). Counties have used the funds for a variety of efforts including support of museums, heritage centers and tourist welcome centers.

	<u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>
Total County Mills to Museums	\$911,115	\$928,465	\$965,214

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(For other Property Tax initiatives see METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT/ ST. LOUIS, MO under "Special Tax Districts")

SPECIAL TAX DISTRICTS

• **ALLEGHENY REGIONAL ASSET DISTRICT (ARAD)**

1 Smithfield St., Suite 310
Pittsburgh, PA 15222
David Donahoe, Executive Director
Ph 412.227.1900 Fax 412.227.1905
Email arad@trfn.clpgh.org
<http://trfn.clpgh.org/Government/Arad>

The Allegheny Regional Asset District (ARAD) was created in 1994 encompassing all of Allegheny County (which has Pittsburgh at its center). It is made up of a 1% **sales tax** as an add-on to the existing state sales tax. Of the gross amount collected, 25% goes to municipal governments based on a formula, 25% goes to the county government, and the remaining 50% goes to the District. This last portion is distributed to civic, cultural and recreational entities, libraries, parks and sports facilities. The District in 1995 declared ten organizations as "regional assets" and guaranteed ten year funding agreements for each at a level of at least 89% of District funds - none of these are arts organizations. The remaining District funds are discretionary and are awarded annually on the basis of applications by local arts and culture organizations who can request funds for operating and/or capital support

	<u>1995</u>	<u>1999</u>
Total Sales Tax Generated	\$106 million	\$132.2 million
Amt. of Tax to ARAD	\$53 million	\$66.1 million
# of Groups Receiving Funds	48	83
Amt./% of ARAD Funds Going to Arts	\$1.5 million/3%	\$6.6 million/10%

• **CITY OF SAINT PAUL
SALES TAX REVITALIZATION (STAR) PROGRAM**

Department of Planning and Economic Development
25 West Fourth St.
Saint Paul, MN 55102
Ph 651.266.6640 Fax 651.228.3220
Melodie Bridgeman, Project Manager
Email melodie.bridgeman@stpaul.gov

In 1993 the Minnesota State Legislature authorized the City of Saint Paul to levy an additional half-cent **sales tax** for the expansion and remodeling of the former St. Paul Civic Center. The City determined that 40% of the sales tax proceeds would go to finance the new Saint Paul RiverCentre, and the remaining 60% would be spent on other capital improvement projects in Saint Paul. To distribute this last percentage, the Council established the Sales Tax Revitalization (STAR) Program in 1994, consisting of: Neighborhood STAR (receiving 50% of the STAR funds) for loans and grants for capital improvement projects; and Cultural STAR (10% of STAR funds), which awards loans and grants for capital improvement projects that further cultural activities in Saint Paul. In 1997 Cultural STAR was expanded to allow funding of cultural organization operating expenses. Cultural STAR grants are recommended to the

Mayor and City Council annually by a nine member Cultural District Board through a competitive application process. Grants or loans must be for a minimum of \$10,000 and matched on at least a 1:1 basis (with the exception of operational grants that no longer require a match, but are limited to 25% of the average annual budget for the last three years to a maximum of \$50,000). As of June 30, 1998, approximately \$4 million had been collected for Cultural STAR. The following are the amounts available for Cultural STAR for the last three years:

<u>Cycle 3 (1997)</u>	<u>Cycle 4 (1998)</u>	<u>Cycle 5 (1999)</u>
\$1,257,745	\$1,126,935	\$1,091,563

• METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT (ST. LOUIS, MO)

7733 Forsyth Blvd.
 Clayton, MO 63105
 Ann Mueller, Assistant Administrator
 Ph 314.862.4222 Fax 314.862.4427

Perhaps the largest tax supported cultural district in the U.S., St. Louis' Metropolitan Zoological Park and Museum District traces its history back to 1969 when voters were asked to approve a **property tax** levy of up to four cents per \$100 assessed valuation for the Zoo and Art Museum, and one cent for the Science Center. In 1983 the voters added the Botanical Garden as a subdistrict, and the Missouri History Museum was added in 1988. A subsequent effort by one other arts institution, the St. Louis Symphony Orchestra, to become a new subdistrict was defeated. The tax rate has risen to 6.3 cents for the Zoo and Art Museum, 3.3 cents for the Science Center and Botanical Gardens, and 4 cents for the History Museum - or a total of 23.2 cents per \$100 of assessed valuation. The total District revenue has risen from the initial \$4 million to the current (1999) gross of \$43.4 million. The Art Museum receives 72% of its \$16 million annual operating budget from the District. For the last three years, District tax funds to the Museum were as follows:

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Tax Funds to Museum	\$10.6 million	\$11.4 million	\$11.5 million

All District funds must go toward operating expenses, and are not used for the acquisition of art (a budget item over and above the annual operating figures). Also, the Museum provides free admission, with the exception of special exhibitions.

• **SCIENTIFIC & CULTURAL FACILITIES DISTRICT**

P. O. Box 46106
Denver, CO 80201
Jane Hansberry, District Administrator
Ph 303.860.0588 Fax 303.861.4315
Email scfd@artstozoo.org <http://www.artstozoo.org/scfd>

The Scientific and Cultural Facilities District (SCFD) was established in 1988 by the voters in metropolitan Denver who overwhelmingly approved a **sales tax** equaling one penny on a \$10 purchase to support scientific and cultural facilities within six metro counties: Adams, Arapahoe, Boulder, Denver, Douglas and Jefferson. In 1994 voters reaffirmed their support by extending legislation for a ten-year period. The tax produces approximately \$31 million annually. Beneficiaries of the district tax are divided into three tiers. Tier I includes the Denver Zoo, Natural History Museum, Denver Art Museum and Denver Botanical Gardens. This Tier receives 59% of funds with 26% or \$4.6 million going to the Art Museum this past year. Tier II is primarily made up of performing arts organizations with operating incomes of \$750,000 or more (indexed annually against inflation). Groups here include Boulder Philharmonic Orchestra, Arvada Center for the Arts & Humanities, Colorado Ballet and a dozen others. Tier II received 28% of funds in 1998/99. Tier III is made up of small theatres, orchestras, arts councils and art centers, and received 13% in 1998/99. Of the total funds, 90% in each Tier are fixed, and 10% are discretionary.

	<u>FY 97/98</u>	<u>FY 98/99</u>
TIER I 59%	\$16,000,000	\$17,700,000
TIER II 28%	\$7,600,000	\$8,830,000
TIER III 13%	\$3,500,000	\$4,300,000
Total	\$27,100,000	\$30,830,000

• **THE ZOO, ARTS, AND PARKS TAX PROGRAM (SALT LAKE CITY)**

Salt Lake County Community & Support Services Department
2001 S. State St.
Salt Lake City, UT 84190
Lynnette Hiskey, Program Coordinator
Ph 801.468.3603 Fax 801.468.3987
Email lhiskey@co.slc.ut.us

In November 1996 Salt Lake County voters approved a 1/10th of 1% increase in the local **sales tax** as a means of enhancing funding for local Zoological, Cultural and Botanical organizations and Recreational Facilities within Salt lake County. The funds are divided annually among four categories: Zoo 12.5%; Parks 30%; Tier I Cultural and Botanical Groups (budgets over \$250,000) 52.5%; Tier II Cultural and Botanical Groups (budgets under \$250,000) 5%. Groups apply directly to the Zoo, Arts, & Parks Program annually for support. Tier I groups are determined by specific qualifying criteria, then once qualified are given a portion of the total

determined by a formula based on their various annual operating budgets (e.g. In 1998 Ballet West received \$1.3 million and the Salt Lake Acting Company got \$164,200). Tier II groups also apply annually, but grants are given to them on a more subjective/qualitative basis by a seven member advisory board.

	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>
TIER I	\$7,197,384	\$7,357,041	\$7,756,875
TIER II	\$685,465	\$700,671	\$738,750
Total to Culture&Botanical Groups	\$7,882,849	\$8,057,712	\$8,495,625
vs. TOTAL TAX REVENUES	\$13,700,000	\$14,000,000	\$14,775,000

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 In addition to the above, efforts to create new Special Tax Districts are said to be underway in Cleveland and Philadelphia.

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