Comparative Research on Dedicated Public Funding Models for Arts & Culture

October 2007
# Summary of Funding Sources*

Sales Tax Initiatives  
*Detailed information included within this report*

<table>
<thead>
<tr>
<th>City/Region</th>
<th>Tax mechanism</th>
<th>Approved</th>
<th>Distribution</th>
<th>Allocation</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Denver (7 counties)</strong></td>
<td>Multi-county sales tax 0.1%</td>
<td>Legislative referendum</td>
<td>$39,692,827 (2006)</td>
<td>Tier I – 65.5%</td>
<td>SCFD Board appointed by County and Governor</td>
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<td>Tier II: 21%</td>
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<td>Tier III: 13.5%</td>
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<tr>
<td><strong>Salt Lake City (Salt Lake County)</strong></td>
<td>County sales tax 0.1%</td>
<td>Legislative referendum</td>
<td>$13,775,767 (2006 - 70% represents Tier I, Tier II and Zoological)</td>
<td>Tier I - 48.875% Tier II – 9% Zoological – 12.125% Recreational – 30%</td>
<td>Advisory Boards appointed by County Council recommends – County decides final funding</td>
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<tr>
<td><strong>Albuquerque (Bernalillo County)</strong></td>
<td>County sales tax 3/16 of 1%</td>
<td>Legislative referendum</td>
<td>Estimated $40 million</td>
<td>City A&amp;C – 65%</td>
<td>Advisory Board appointed by County Council recommends – County decides final funding</td>
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<td>County A&amp;C – 5%</td>
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<td>Big Nonprofit – 16%</td>
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<td>Small Nonprofit – 2%</td>
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<td>Other – 12%</td>
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<tr>
<td><strong>Pittsburgh (Allegheny County)</strong></td>
<td>County sales tax 0.5% (adtl. 0.5% for County purposes)</td>
<td>Direct legislative approval</td>
<td>$77,602,700 (0.5% - 2007)</td>
<td>Tier I – 11% (A&amp;C) Tier II – 10% (A&amp;C) Libraries – 32% Parks – 28% Sports – 18%</td>
<td>RAD Board appointed by County and Mayor w/ one member elected by existing Board members</td>
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*Research provided in part by the Morrison Institute for Public Policy’s report, *PERFECT PITCH: Considerations for a Dedicated Funding Source for Arts & Culture*
Denver

Name of Initiative: Scientific and Cultural Facilities District

Geographical region: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson counties

Population served: 2,592,172*

Sales tax mechanism: 0.1% sales and use tax


Allocation(2006): 0.75% of total taken out prior to distribution for administrative costs

Tier I 65.5% $24,725,324 5 organizations
Tier II 21% $9,694,761 27 organizations
Tier III 13.5% $5,518,728 273 organizations

Governance:
- 11-member board with a member appointed by the county commission of each participating county and four governor-appointed members (Tier I & II)
- County Cultural Councils represent their areas’ needs. (Tier III)
- Counties receive funds in proportion to amount generated in their jurisdictions.
- Counties develop own guidelines for Tier III recipients.
- Detailed, public “Economic and Social Activity Reports” track participation county by county.

Eligibility:

Tier II: Have an annual operating income of over $1.295 million and meet basic eligibility criteria:
- Nonprofit 501 (c)(3) status or local government agency;
- Provide, as a primary purpose for the enlightenment and entertainment of the public through the production, presentation, exhibition, advancement or preservation of art, music, theater, dance, zoology, botany, natural history or cultural history;
- Principal office within the district;
- Operate primarily within Colorado
- Principally benefit district residents
- Must be in existence for five years

Tier III: Have an annual operating income under $1.295 million. Distribution decided by individual County Cultural Councils.
- Same criteria as Tier II
- Must be in existence for three years

Authorized: 1989 (5 years), 1994 (10 years), 2004 (14 years – 65% voter approval)

Approved: Legislative Referendum

* According to 2006 US Census estimates
Salt Lake City

Name of Initiative: Zoo, Arts and Parks (ZAP)

Geographical region: Salt Lake County

Population served: 964,048*

Sales tax mechanism: 0.1% sales tax

Total annual distribution: $13,775,767 (2006)

Allocation(2006): 1.5% of total taken out prior to distribution for administrative costs
Tier I  48.875% $6,732,906  23 organizations
Tier II  9%  $1,239,819  112 Organizations
Zoological 12.125% $1,670,311  2 organizations
Recreational 30%  $4,132,730 N/A

Governance: Advisory Boards makes recommendations to the County Council, which ultimately approves all distributions.

Tier I:
- Applications reviewed by 7 member advisory board appointed by the County Council and must include at least 2 arts community members.
- Organizations that apply and qualify as a Tier I organization are not guaranteed funding.
- Applications not recommended as one of the 23 organizations submitted for Tier II funding.

Tier II:
- Applications reviewed by 9 member advisory board appointed by the County Council and must include at least 1 arts community members and 2 local mayors.
- Organizations that apply and qualify as a Tier II organization are not guaranteed funding.
- Priority given to organizations that can solicit and receive matching funds, in-kind contributions also considered.
- Priority given to organizations that can demonstrate a strong connection to the community, have a substantial track record and show a stable history.
- No Tier II applicant may receive more than 7% of the total amount of funding allocated annually to the Tier II process.

Zoological:
- Zoological applications reviewed by the Tier I Advisory Board.
- Distributed to no more than 3 zoological facilities and organizations within the county.
- 94.5% of that revenue distributed to zoological facilities/organizations with average annual operating expenses of $2,000,000 or more.
- 5.5% of that revenue distributed to zoological facilities/organizations with average annual operating expenses of less than $2,000,000.

* According to 2006 US Census estimates
Eligibility:

Tier I: To build organizational capacity, create stability and provide adequate, predictable support.
- Must have qualifying expenditures of $250,000 in average eligible expenses over a three year period
- Must pass the Zoo, Arts, and Parks Program’s minimum financial health test on a regular basis

Tier II: Utilized to build organizational capacity, create stability and enhance Salt Lake County’s cultural offerings and community.
- Funding based on the organization’s clear cultural or botanical purpose, community/public purpose, organizational stability, financial accountability, and community served.

Zoological: Zoological funding utilized to build organizational capacity, fund zoological facilities, create stability and provide adequate predictable support.
- An organization will not qualify to receive ZAP Zoological funds unless it has its headquarters, a significant presence or manages/presents in Salt Lake County and serves an audience of 75,000 or more persons annually.

Authorized: 1993 (failed), 1996 (10 years), 2004 (71.3% voter approval – 10 years)

Approved: Legislative Referendum
Albuquerque

Name of Initiative: Quality of Life Initiative

Geographical region: County of Bernalillo

Population served: 607,510*

Sales tax mechanism: 0.1875% (3/16 of 1%) increase in the Gross Receipts Tax

Annual total payout: Best estimate approx $40,000,000 per year. First proposals will be funded in 2008.

Allocation: Revenue may NOT be used for capital expenditures, endowments or fundraising. Educational institutions (K-12) are not eligible for distributions.
- 1–3% will be used to educate the public on the use of the revenue.
- 3–5% will be used for administration of the revenue received from the tax.
- 1–3% will be used for the implementation of the Cultural Plan.

The remaining revenue will be distributed to private nonprofit 501(c)3 organizations, nonprofit foundations, the city and county as follows:
- 65% will be distributed to the City of Albuquerque for cultural programs and activities.
- 5% will be distributed to Bernalillo County for cultural programs and activities.
- 16% will be distributed to nonprofit organizations with an annual operating budget of more than $100,000.
- 2% will be distributed to nonprofit organizations with an annual operating budget up to $100,000.
- 12% will be distributed to organizations that have a strong cultural program but do not have culture as their primary purpose AND foundations that are affiliated with state or federally owned institutions that offer cultural programs to the general public.

Governance:
Funds will be managed by the County of Bernalillo, which in turn, will appoint a Cultural Advisory Board to advise the County Commission. The Board would be composed of people knowledgeable about the arts and cultural community. Every two years, the Cultural Advisory Board will put out Requests for Proposals to the arts and cultural organizations, evaluate responses, and develop a package of recommendations that will go to the County Commission. The evaluation process for the review of proposals will include a public review component.

The Board will consist of between 9 and 15 members. Members of the board will serve three-year, staggered terms and shall not be removed during their terms except for malfeasance.

Eligibility:
Cultural organizations and institutions that have as a primary purpose the advance or preservation of zoology, museums, library sciences, art, music, theater, dance, literature or the humanities.
- Principal office located within Bernalillo County.
- Must have held 501(c)3 designation for a minimum of three years.
- Primary purpose is cultural programs.

Authorized: 2006 (10 years)

Approved: Legislative Referendum

* According to 2006 US Census estimates
Allegheny County (Pittsburgh)

Name of Initiative: Allegheny Regional Asset District (RAD)

Geographical region: Allegheny County

Population served: 1,181,776*

Sales tax mechanism: 1% sales and use tax (½ goes to arts/culture/sports contracts, ½ goes to the county and its municipalities)

Total annual distribution: $77,603,700 (2007 – does not include 50% allocated to the county & regional municipalities)

Allocation (2007): Less than 1% of total taken out prior to distribution for administrative costs. Nine regional assets (Special facilities) are contractual assets and have been given guaranteed funding for a period of five years (2005-2009).

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<tr>
<th>Category</th>
<th>Percentage</th>
<th>Distribution</th>
<th>Number of Organizations</th>
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<tbody>
<tr>
<td>Libraries</td>
<td>32%</td>
<td>$24,731,000</td>
<td>43 libraries</td>
</tr>
<tr>
<td>Parks</td>
<td>28%</td>
<td>$21,233,000</td>
<td>14,000 acres</td>
</tr>
<tr>
<td>Sports facilities</td>
<td>18%</td>
<td>$14,400,000</td>
<td>2 distributing organizations</td>
</tr>
<tr>
<td>Special facilities</td>
<td>11%</td>
<td>$9,503,000</td>
<td>9 contracted organizations</td>
</tr>
<tr>
<td>Arts and cultural</td>
<td>10%</td>
<td>$7,736,700</td>
<td>77 organizations</td>
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</tbody>
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Governance:
Distribution for all allocated areas is made by Board of Directors composed of 4 persons appointed by the County Chief Executive, 2 appointed by the Mayor of Pittsburgh and 1 person elected by the 6 appointees. The 6 appointees serve terms concurrent with the appointing authority while the seventh member serves for two years. The Board appoints a 27 person Advisory Board to provide public input and comment on policies and procedures.

Provides 2 types of funding:
- **Category A** - Operating support for ongoing activities of the organization. Support is typically unrestricted.
- **Category B** - Capital maintenance for repair of existing facilities; accessibility improvements; new equipment or repairs to equipment.

Eligibility:
- Applicants must be governmental entities or non-profit, tax-exempt corporations and
- Provide programming or services of a regional nature in Allegheny County.

Authorized: 1994

Approved: Legislative Approval (approved directly by the legislature without being voted on by the public)

* According to 2006 US Census estimates
Bibliography


Denver
  • SCFD: Scientific & Cultural Facilities District Website
    o http://www.scfd.org/

Salt Lake City
  • Zoo, Arts and Parks Program Website
    o http://www.slcozap.org/

Albuquerque
  • Quality of Life Initiative Website
    o http://www.qualityoflifenm.org/

Allegheny County (Pittsburgh)
  • Allegheny Regional Asset District (RAD) Website
    o http://www.radworkshere.org/

Population Estimates
  • US Census Bureau Website: American Fact Finder