

Date of Hearing: June 23, 2026

ASSEMBLY COMMITTEE ON ARTS, ENTERTAINMENT, SPORTS, AND TOURISM

Christopher M. Ward, Chair

SB 1073 (Smallwood-Cuevas) – As Amended June 11, 2026

SENATE VOTE: 38-0

SUBJECT: Income taxes: voluntary contributions: Black Cultural District Voluntary Tax Contribution Fund

SUMMARY: SB 1073 requires the Franchise Tax Board (FTB) to add the Black Cultural District Voluntary Tax Contribution Fund (Fund) as a voluntary contribution fund (VCF) on the personal income tax (PIT) return.

Specifically, **this bill:**

- 1) Establishes the Fund in the State Treasury.
- 2) Provides that all moneys transferred to the Fund shall be continuously appropriated and allocated to the:
 - a) FTB and the State Controller for reimbursement of all administrative costs incurred; and,
 - b) Arts Council for allocation for the construction and maintenance of the Black Cultural District designated in south City of Los Angeles to support the following purposes:
 - i) Celebrate the diversity of California while unifying under an umbrella of shared values, and help to grow and sustain authentic grassroots arts and cultural opportunities;
 - ii) Increase the visibility of local artists and community participation in local arts and culture; and,
 - iii) Promote socioeconomic and ethnic diversity.
- 3) Requires the California Arts Council (CAC) to report on its internet website information provided by its grantee, if any, regarding the process for awarding money, the amount of money spent on administration, and an itemization of how program funds were awarded.
- 4) Provides that the VCF shall be operative for taxable years beginning on or after January 1, 2026, and before January 1, 2033.
- 5) Requires the Fund to meet a standard minimum contribution amount of \$250,000 to remain in effect.

EXISTING LAW:

- 1) Creates the CAC, consisting of 11-members who serve four-year, staggered terms. Nine members are appointed by the Governor, subject to Senate confirmation, and the Speaker of

the Assembly and the Senate Committee on Rules appoint one member each. (Government Code (GOV) Section 8751)

- 2) Directs CAC to encourage artistic awareness, participation, and expression; to help independent local groups develop their own arts programs; to promote employment of artists and those skilled in crafts in the public and private sector; to provide for exhibition of artistic works in public buildings; and, to enlist the aid of all state agencies in the task of ensuring the fullest expression of artistic potential. (GOV 8753)
- 3) Authorizes CAC to accept federal grants and unrestricted gifts, donations, bequests, or grants of funds from private sources and public agencies (GOV 8753)
- 4) Defines a “state-designated cultural district” as a certified geographical area with a concentration of cultural facilities, creative enterprises, or arts venues that do any of the following:
 - a) Attract artists, creative entrepreneurs, and cultural enterprises.
 - b) Encourages economic development and supports entrepreneurship in the creative community.
 - c) Encourages the preservation and reuse of historic buildings and other artistic and culturally significant structures.
 - d) Fosters local cultural development.
 - e) Provides a focal point for celebrating and strengthening the unique cultural identity of the community.
 - f) Promotes opportunity without generating displacement or expanding inequality. (GOV 8758)
- 5) Directs CAC to establish criteria and guidelines for state-designated cultural districts. In executing its powers and duties under this chapter, the council shall do all of the following:
 - a) Establish a competitive application system by which a community may apply for certification as a state-designated cultural district.
 - b) Provide technical assistance for state-designated cultural districts from, among others, artists who have experience with cultural districts and provide promotional support for state-designated cultural districts.
 - c) Collaborate with other public agencies and private entities to maximize the benefits of state-designated cultural districts. (GOV 8758)
- 6) A geographical area within the state may be certified as a state-designated cultural district by applying to the council for certification. Certification as a state-designated cultural district shall be for a period of five years, after which the district may renew certification every three years. (GOV 8758)

- 7) Allows taxpayers to contribute to one or more of 18 VCFs on the 2025 PIT return. (Revenue and Taxation Code (RTC) Section 18700 *et seq.*)
- 8) Requires each VCF to meet an annual minimum contribution amount to remain in effect, except for the California Firefighters' Memorial Voluntary Tax Contribution Fund, the California Peace Officer Memorial Foundation Voluntary Tax Contribution Fund, the California Senior Citizen Advocacy Voluntary Tax Contribution Fund, and the California Seniors Special Fund. (RTC Sections 18801 *et seq.*, 18805 *et seq.*, 18730 *et seq.*, and 18771 *et seq.*)
- 9) Provides a specific sunset date for each VCF, except for the California Seniors Special Fund and the State Parks Protection Fund. (RTC Sections 18771 *et seq.* and 18900.1 *et seq.*)
- 10) Requires the statutory provisions establishing a VCF to remain in effect only until January 1 of the seventh calendar year following the VCF's first appearance on the PIT return. (RTC Section 18873.)

FISCAL EFFECT: The FTB estimates that this bill would reduce General Fund revenues by \$6,000 in both fiscal year (FY) 2027-28 and FY 2028-29.

COMMENTS:

- 1) Author's statement. According to the author, "SB 1073 establishes the Black Cultural District Voluntary Contribution Fund, providing California taxpayers with a voluntary opportunity to invest directly in the preservation and long-term sustainability of the Historic South Los Angeles Black Cultural District.

"Since this is one of the first Black Cultural Districts to be designated in California, it plays a vital role in safeguarding California's cultural heritage, supporting small businesses, and addressing the long-term impacts of displacement against the Black community. However, like many cultural districts, it faces chronic funding challenges that threaten its ability to thrive and remain accessible to the communities it serves.

"SB 1073 offers a meaningful solution by allowing Californians to make voluntary contributions through their personal income tax returns, in partnership with the California Arts Council, to directly support the Black Cultural District. The bill does not raise taxes or impose new mandates. Instead, it empowers individuals who wish to support Black history and culture with a clear, voluntary way to do so.

"By enabling public participation, SB 1073 helps ensure that the Historic South Los Angeles Black Cultural District can endure and be preserved for future generations."

- 2) Background. In 2015, the Legislature required the CAC to establish criteria and guidelines for State-Designated Cultural Districts with AB 189 (Bloom, Chapter 396, Statutes of 2015). At the time, supporters stated that cultural districts are well-recognized, labeled areas of a city in which a high concentration of cultural facilities and programs serve as the main anchor of attraction and creative business development. Supporters argued that a cultural district designation helps strengthen local economies, create an enhanced sense of place, and deepen local cultural capacity.

In 2017, the CAC announced the 14 districts that served as California's inaugural State-Designated Cultural Districts, highlighting thriving cultural diversity and unique artistic identities within local communities across California.

The California Cultural Districts Program aims to leverage the state's artistic and cultural assets. Aligning with the mission and values of the CAC, the districts celebrate the diversity of California while unifying under an umbrella of shared values-helping to grow and sustain authentic grassroots arts and cultural opportunities, increasing the visibility of local artists and community participation in local arts and culture, and promoting socioeconomic and ethnic diversity. Districts range developmentally from emerging to established; include an emphasis on cultural consumption, cultural production, and cultural heritage; and are located in urban, suburban and rural areas.

The program helps communities harness their unique cultural assets to stimulate local economies, attract tourism, preserve historic sites, and support vibrant, inclusive creative economies. Districts are selected through a rigorous, equity-centered application process that emphasizes authentic community partnerships, vision clarity, and demonstrated cultural depth.

Selection for the California Cultural Districts was conducted through a multistep process, including an open application phase, a peer panel review, site visits for semi-finalists, and finalist selection. The program is highly competitive and received interest and submissions from dozens of communities across the state.

California's 24 State-Designated Cultural Districts

Eureka Cultural Arts District	Redding Cultural District
Grass Valley-Nevada City Cultural District	Truckee Cultural District
Downtown San Rafael Arts District	Rotten City-Emeryville Cultural Arts District
Black Arts Movement Business District (Oakland)	American Indian Cultural District (San Francisco)
The Calle 24 Latino Cultural District (San Francisco)	SOMA Pilipinas, Filipino Cultural Heritage District (San Francisco)
Dos Rios Arts and Culture District (Modesto)	San Jose Japantown
Downtown Merced Cultural District	Watsonville Cultural District
The BLVD Cultural District (Lancaster)	Downtown Oxnard Cultural District
Little Tokyo (Los Angeles)	Historic South Los Angeles Black Cultural District
San Pedro Waterfront Arts, Cultural, and Entertainment District	Arts District Liberty Station (San Diego)
Balboa Park Cultural District (San Diego)	Barrio Logan Cultural District (San Diego)
The Arts and Culture District (Riverside)	Oceanside Cultural District (San Diego)

- 3) California Arts Council. In 1975, the Legislature created the CAC, which is celebrating its 50th anniversary as a state agency this year (SB 1024, Zenovich, 1975). CAC is the state's only public arts grants provider and supports local arts infrastructure and programming across the state through grants, programs, and services. Their flagship programs are Arts in California Parks, Arts in Corrections, California Creative Corps, Creative Economy of California, Cultural Districts, Poetry Out Loud, Poet Laureate, CA Teen Poet Laureate, and Individual Artists Fellowships.

Of note, the CAC was one of many state programs affected by California's 2024 budget deficit. The May Revision of the 2024-25 Budget proposed reducing California Arts Council grant funding by \$10 million ongoing, which would have cut the agency's grantmaking budget by roughly 38 percent. Through negotiations, the cuts were reduced to \$5 million in 2024-25 and \$5 million in 2025-26. The Art Council was allocated \$34.5 million of state funds for the fiscal year 2025-26, and the Governor's budget for 2026-27 proposes \$36.1 million.

- 4) Arguments in support. According to the California Arts Advocates (CAA) in support, "For generations, South LA has been a center of Black life, creativity, and leadership and has shaped nationally significant movements in music, arts, civil rights, and labor. South Los Angeles is home to multiple historic landmarks, including the Los Angeles Memorial Coliseum, home to the 1932 and 1984 Summer Olympic Games. South Los Angeles has also been a hub for various art movements and artists, including the Chicano art movement and the Black arts movement, deeply rooted in activism and cultural identity. Despite the profound cultural and historical significance, the Historic South Los Angeles Black Cultural District lacks a stable and dedicated source of funding to support long-term preservation.

"A targeted, voluntary funding solution is needed to ensure the Historic South Los Angeles Black Cultural District can thrive, remain community-centered, and fulfill the promise of the historic designation. AB 1073 ensures that Californians can voluntarily donate to support the Historic South Los Angeles Black Cultural District and affirms the importance of protecting living cultural heritage, supporting community-led development, and ensuring the Black cultural spaces are preserved, celebrated, and sustained for future generations.

"Cultural districts are crucial catalysts for both economic vitality and community enrichment. They are designed to boost local pride, reinforce neighborhood identity, and foster greater social cohesion. The CAA is a strong supporter of the Cultural District Program, which was created by AB 189 (2015-16), and measures like SB 1073 that promote the long-term, sustainable development of these districts statewide. We see SB 1073 as a potential model for other districts and, critically, we also advocate for sustained state funding for the entire cultural district program."

- 5) Double-referral. This measure was first referred to the Assembly Committee on Revenue and Taxation, where it passed on a 7-0 vote.
- 6) Amendments and policy considerations. The Cultural Districts program is very popular within the California Legislature. The 24 current state-designated cultural districts are represented by 36 different members of the Senate and Assembly, with a few members having multiple within their elected districts. The original 14 cultural districts were announced in July 2017, with the designation intended to last for five years, but due in part to

the pandemic, the original cohort received extended designations and additional state support through a one-time investment of \$30 million.

The 10 newest state-designated cultural districts, including the Historic South Los Angeles Black Cultural District, were announced in December 2025. These districts will receive \$10,000 over two years, state certification, technical assistance, and marketing support. The Historic South Los Angeles Black Cultural District is unique in that before receiving the official designation from CAC, the Legislature approved \$2.5 million in the Budget Act of 2025 as seed funding for the creation and implementation of the district.

A possible consideration in the future, if other cultural districts consider creating VCFs, would be to provide CAC with more flexibility in the administration and distribution of these types of funds. That way CAC could use a portion of the moneys received to provide some additional support to other state-designated cultural districts if one receives a direct appropriation.

7) Prior and related legislation:

- a) AB 812 (Boerner), Chapter 747, Statutes of 2023, authorized local governments to set aside 10% of any locally-required affordable housing units for artists within one-half mile of a state designated cultural district or within a locally designated cultural district.
- b) AB 1258 (Rendon), of 2023, would have required the CAC to employ strategies to achieve goals related to equity, community impact, artistic practice, and arts programs. This bill died in the Senate Governmental Organization Committee.
- c) AB 1382 (Quirk-Silva), of 2023, would have required the CAC to designate a permanent ongoing staff person to develop, support, and strategically plan the competitive State-Designated Cultural District certification and technical assistance program, and to establish an interdepartmental advisory group. This bill died in the Senate Committee on Appropriations.
- d) AB 189 (Bloom), Chapter 396, Statutes of 2015, required CAC to establish criteria and guidelines for state-designated cultural districts, as defined, and established a competitive application system by which a community may apply for certification as a state-designated cultural district.

REGISTERED SUPPORT / OPPOSITION:

Support

California Arts Advocates
 Councilmember Curren D. Price, Jr., 9th District, City of Los Angeles
 Greater Los Angeles African American Chamber of Commerce
 Greater Sacramento Urban League
 LA Commons
 Partnership for Growth LA
 Rising Communities (formerly Community Health Councils)
 UC Berkeley's Underground Scholars Initiative (USI)

Opposition

None on file.

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