

Date of Hearing: April 21, 2015

ASSEMBLY COMMITTEE ON ARTS, ENTERTAINMENT, SPORTS, TOURISM, AND
INTERNET MEDIA

Ian Charles Calderon, Chair

AB 55 (Nazarian) – As Amended March 26, 2015

SUBJECT: Arts Council: grants.

SUMMARY: This bill would continuously appropriate from the General Fund to the Arts Council an amount each fiscal year equal to the sum of the amount of revenue generated by the Polanco-Bates License Plates for the Arts Act of 1993 and the amount of private donations received by the council, as specified. Specifically, **this bill:**

- 1) Continuously appropriates, as specified, from the General Fund to the Arts Council an amount each fiscal year equal to the sum of the following:
 - a) The amount of revenue generated by the Polanco-Bates License Plates for the Arts Act of 1993 (Section 5074 of the Vehicle Code) in the most recently concluded fiscal year.
 - b) The amount equal to the private donations received by the Arts Council in the most recently concluded fiscal year.
- 2) Declares that this section shall not be construed to prevent the Legislature from appropriating additional funds to the Arts Council.

EXISTING LAW:

- 1) Establishes the California Arts Council (CAC) Contribution and Donations Fund in the State Treasury to receive funds, as specified.
- 2) Provides that the monies in the fund are continuously appropriated to the CAC.
- 3) Requires that the California Department of Motor Vehicles, after deducting its administrative costs, shall deposit the additional revenue derived from specialized license plates in the Specialized License Plate Fund in the State Treasury.
- 4) Further requires that upon appropriation by the Legislature, the monies in that fund shall be allocated to each sponsoring agency, in proportion to the amount in the fund that is attributable to the agency's specialized license plate program.

FISCAL EFFECT: Unknown

COMMENTS:

- 1) *Author's statement of need for legislation: New revenue sources for the arts.*

According to the author, "State matching funds will provide a base level of support to the arts and restores funding the California Arts Council has lost in the last decade. Further, AB 55 recognizes the investment made by individuals by requiring

the state to match its funding level with that of individual donations and encourages Californians to purchase a specialized license plate and donate to the Arts Council."

"The arts provide an intellectual infrastructure for our entire creative economy, from technology to the entertainment industry. Just as importantly, the arts are vital to our state's international reputation and to the quality of life that we are very proud of as Californians. Specifically, AB 55 will empower the Arts Council to expand its grant program to continue supporting the arts."

In response to concerns that the funding structure of the bill could be argued to supplant the need for increased state budget funding for the CAC, the author strongly disagrees. He points to the language of the bill which expressly states that it "shall not be construed to prevent the Legislature from appropriating additional funds to the Arts Council." Supporters agree with this interpretation and focus on the continuous funding element of the bill, such as this from the Californians for the Arts, "AB 55 will establish a minimum level of continuous funding for grants used by the California Arts Council...We are making progress in the restoration of the state arts funding to the level of a decade ago."

2) *Current funding for the CAC.*

The CAC was created in 1975 under then Governor Jerry Brown to increase access to the arts for all Californians. The CAC budget had grown from its first full year of funding in fiscal year 1976-77 at \$1,917,000 to \$32,224,000 in fiscal year 2001-02, when 1,590 grants were awarded to non-profit arts organizations. In 2003, appropriations to the CAC were cut by 97%, and GF appropriation from the Legislature has remained essentially flat at \$1,000,000 over the past decade. Since 2003, with the exception of last year, California has ranked last or next to last among the states in terms of per capita investment in the arts. However, the last two budget cycles have seen an uptick in spending:

Funding levels for CAC in the fiscal year **2012-13** were just over \$5,000,000 broken down by source as follows:

General Fund	\$1,019,865
Graphic Design License Plate Account	\$2,782,555
National Endowment for the Arts (NEA)	\$1,085,687
Special Deposit: Donations	\$70,000
Tax Check off	<u>\$324,933</u>
Total	\$5,309,540

Funding levels for CAC in the fiscal year **2013-14** were almost \$8,000,000 broken down by source as follows:

General Fund	\$1,082,000
Graphic Design License Plate Account	\$2,815,000
National Endowment for the Arts (NEA)	\$1,035,000
Reimbursements (\$2 million from Assembly)	<u>\$3,026,000</u>
Total	\$7,958,000

Current funding levels for CAC in the fiscal year **2014-15** were just over \$10,000,000 broken down by source as follows:

General Fund	\$6,137,000
Graphic Design License Plate Account	\$2,889,000
National Endowment for the Arts (NEA)	\$1,095,000
Reimbursements	\$1,697,000
Tax Check off	<u>\$250,000</u>
Total	\$12,068,000

Prior and related legislation.

- 1) AB1625 (Nazarian), Chapter 102, Statutes of 2014, established the California Arts Council Contribution and Donations Fund in the State Treasury to receive unrestricted gifts, donations, bequests, or grants of funds from private sources and public agencies for use by the CAC, as provided, and continuously appropriated these funds to the CAC.
- 2) AB 1662 (Calderon), of 2013-14 would have created an annual continuous appropriation from the General Fund (GF) to the California Arts Council (CAC) in an unspecified amount, and made various legislative findings and declarations. AB 1662 was heard and passed out of this committee but was held in the Assembly Committee on Appropriations on Suspende.
- 3) AB 580 (Nazarian), of 2013-14, substantially similar to AB 1662, but contained an appropriation of \$75 million dollars for CAC. AB 580 was heard and passed out of this committee but was held in the Assembly Committee on Appropriations on Suspende.
- 4) SB 1432 (Lieu), of 2013-14, also substantially similar to AB 1662, but with a \$25 million dollar continuous appropriation for CAC. SB 1432 held in Senate Appropriations.
- 5) SB 571 (Price), Chapter 430, Statues of 2013, allowed taxpayers to once again make voluntary contributions to the California Arts Council Fund on their state personal income tax returns.
- 6) SB 1076 (Price), Chapter 319, Statutes of 2010, allowed taxpayers to make voluntary contributions to the California Arts Council Fund on their state personal income tax returns. This act sunset due to failure of the CAC to reach the statutory threshold of \$250,000 in tax donations.

REGISTERED SUPPORT / OPPOSITION:

Support

California Alliance for Arts Education
California Arts Advocates
Californians for the Arts

Opposition

There is no opposition on file.

Analysis Prepared by: Dana Mitchell / A.,E.,S.,T., & I.M. / (916) 319-3450