

SENATE BILL REPORT

SB 5786

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, February 24, 2009

Title: An act relating to authorizing the creation of cultural access authorities.

Brief Description: Authorizing the creation of cultural access authorities.

Sponsors: Senators Fraser, Kohl-Welles, Honeyford and Shin.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 2/23/09, 2/24/09 [DPS-WM, w/oRec].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 5786 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Franklin, Honeyford, King and Kline.

Minority Report: That it be referred without recommendation.

Signed by Senator Holmquist, Ranking Minority Member.

Staff: Mac Nicholson (786-7445)

Background: A variety of special purpose districts may be created by counties, cities, or towns to provide specific public facilities or services which are generally financed by through taxes or assessments. Examples of special purpose districts include school districts, fire protection districts, public utility districts, port districts, irrigation districts, mosquito control districts, and public facilities districts.

Summary of Bill (Recommended Substitute): Cultural access authorities are created, the stated intent being to authorize funding for public school cultural access programs and the support of cultural organizations.

Creation and Governance. Any county with a population of more than 175,000 may create a cultural access authority (authority) by submitting the proposition creating an authority to voters of the county. A group of up to four contiguous counties, one of which having a

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population greater than 150,000, may create a cultural access authority by submitting the proposition creating the authority to the voters of each county. At the same election, there must also be an election authorizing the imposition of a sales and use tax not to exceed one-tenth of one percent. If both propositions pass, an authority is created. A single county authority is governed by a five-member board, four appointed by the county and one appointed by the Governor. A multi-county authority is governed by a seven to eleven member board.

Funding. Authorities are funded by a voter approved sales and use tax not to exceed one-tenth of 1 percent. The tax collected is in addition to any other taxes authorized by law and must be re-authorized every seven years.

Distribution of Funds. For single county authorities with a service area population greater than 1.5 million and multi-county authorities with a service area population greater than 2.5 million, revenue generated from the sales and use tax is to be used as follows:

- repayment of start-up funding;
- up to 2.75 percent of total funds available for projects of regional benefit to be undertaken within the authority's service area;
- administrative costs, up to 1.25 percent of funds available annually;
- funding for public school cultural access program, up to 10 percent of funds available annually;
- distribution to qualified regional organizations, 75 percent of the remaining funds annually; and
- distribution to public agencies, any remaining funds.

For all other authorities, revenue must be allocated as follows:

- up to 5 percent annually for administrative costs, including start-up funding and to support projects of regional benefit;
- not more than 2.5 percent for administrative costs;
- a percentage determined by the board for a public school cultural access program;
- a percentage determined by the board for distribution to regional organizations not to exceed 75 percent of funds available annually; and
- any remaining funds are distributed to an entity in each participating count as designated by the county legislative authority.

Public School Cultural Access Program.

A public school cultural access program must:

- provide benefits designed to increase public school student access to facilities receiving funding under the legislation;
- offer benefits to every public school in the area of the authority while scaling benefits based on the percentage of students who participate in the national free or reduced-price school meal program;
- establish and operate a centralized service to coordinate opportunities for public school student access to programs and activities offered by cultural organizations;
- provide funding for public school student transportation to attend programs and activities;
- prepare and maintain a readily accessible catalog of access opportunities;

- coordinate closely with cultural organizations to maximize utilization of available opportunities;
- support the development of tools, materials, and media by cultural organizations that correlate with school curricula;
- build meaningful partnerships with public schools and cultural organizations;
- prepare an annual access plan; and
- compile an annual report.

Regional Organizations. A regional organization is a cultural organization that owns, operates, or supports cultural facilities that widely benefit and are broadly attended by the public. In order to receive funding under the legislation, a regional organization must:

- be in good standing for the preceding three years as a nonprofit corporation;
- have its principal location and conduct the majority of its activities in the authority service area;
- have not declared bankruptcy or substantially curtailed operations in the preceding three years for a period longer than six months;
- provide annual financial statements for its two most recent fiscal years to the authority;
- have average annual revenues of at least \$1.25 million over the three preceding years; and
- meet any additional eligibility guidelines deemed necessary.

Funds available for regional organizations must be distributed based on an annual ranking using the combined size of their average annual revenues and attendance over the three preceding years. No organization may receive funds in excess of 15 percent of its average annual revenues. Funds distributed to regional organizations must be used to support cultural and educational activities, programs and initiatives, public benefits and communications, and basic operations.

Public Agencies.

A public agency can use up to 8 percent of the amount received for administrative costs, the remainder must be used to fund community-based organizations. Community-based organizations are those that focus their activities and are supported or patronized within a local community. Public agencies must adopt eligibility guidelines, award criteria, and procedures for conducting annual competitive award processes. Funds awarded to community-based organizations may be used to support cultural and educational activities, public benefits, basic operations, and capital expenditures and acquisitions including the acquisition of property and equipment.

Public Benefits. All cultural organizations receiving funding must provide discernible public benefits. Authorities must identify a range of public benefits that cultural organizations may provide, including access to facilities, programs and services on a reduced or free basis; providing educational programs and experiences in schools and other venues; broadening cultural programs for the enlightenment and entertainment of the public; and increasing organizational capacity.

EFFECT OF CHANGES MADE BY LABOR, COMMERCE & CONSUMER PROTECTION COMMITTEE (Recommended Substitute): The substitute adds

provisions for filling board vacancies and for removing board members. Up to 2.75 percent of total funds available annually may be used for projects of regional benefit to be undertaken within the authority's service area.

The substitute also changes how an authority is created, rather than creation through resolution adopted by the county or through interlocal agreement, counties must submit a proposition authorizing creation of the authority together with a proposition authorizing the imposition of the 0.1 percent sales and use tax. If both propositions are approved by a majority of the voters in the county, then the authority is created. The language requiring the provision of start-up funding is eliminated.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: This bill provides access to cultural resources for those unable to gain access for any number of reasons. A strong cultural infrastructure draws businesses and labor to the area. This is an economic development bill, as access to cultural resources draws people to the state. This is an optional tool, and there is great enthusiasm for this proposal. Citizens should have a choice to support art and science facilities in their communities.

Persons Testifying: PRO: Maggie Walker, citizen; Eric Schinfeld, Puget Sound Regional Council; Stephanie Stebich, Tacoma Art Museum; Deborah Jensen, Woodland Zoo; Karen Mobley, Spokane Arts Commission; Sandra Jackson, Seattle Art Museum.