

STORAGE NAME: h1457.grr

DATE: March 21, 2000

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
GOVERNMENTAL RULES & REGULATIONS
ANALYSIS**

BILL #: HB 1457

RELATING TO: Regional Cultural Facilities

SPONSOR(S): Representative Rubio and others

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) TOURISM YEAS 6 NAYS 0
 - (2) GOVERNMENTAL RULES & REGULATIONS
 - (3) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

HB 1457 creates s. 265.702, F.S., which provides a selection and funding decision-making process for providing grants for the renovation, construction, or acquisition of cultural facilities. These facilities must have a regional service area, education programs of excellence, and present programs or exhibits of national or international renown or reputation. A regional cultural facility must have a documented proposed acquisition, renovation, or construction cost of at least \$50 million. These facilities, due to the length of funding needs or the amount of funding needs above \$500,000, either do not qualify for existing grant programs under the Department of State (department) or are not able to receive the level of benefits needed by the facilities. Potential grant recipients are limited to counties, municipalities, or qualified not-for-profit corporations.

As with other existing processes for cultural grants, the Florida Arts Council reviews applications for grants and makes recommendations for grant awards, in priority order, to the Secretary of State. The Division of Cultural Affairs of the department assists in the administration of the grants that are funded by the Legislature.

Guidelines for funding and matching requirements are established. An annual grant may not exceed the lesser of \$2.5 million or 10% of the total project cost. Total state funding for a grant for a single project may not exceed the lesser of \$10 million in a 5-year period or 10% of the total project cost. The grant recipient must provide at least \$2 local matching funds for every state dollar awarded through this program. State funds from other sources are not eligible as a match. In-kind contributions of goods or services are eligible to meet up to 50% of the local match share.

The bill does not contain a specific appropriation for grants to be funded through this process. If passed, the department indicated that it will present this as an additional funding request in its future budget requests as it does for other grant programs. Additionally, the department indicated that the grant program will have only a minimal effect on staffing and other administrative responsibilities for the grants and will require no additional funding for those activities.

The act takes effect on July 1, 2000.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/a <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/a <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/a <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/a <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/a <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

In 1988, s. 265.701, F.S., created the Cultural Facilities Program (program) of the Division of Cultural Affairs (division) of the Department of State. The program provides for the division to accept and administer monies appropriated to it for providing grants to counties, municipalities, and qualifying non-profit corporations for the acquisition, renovation, or construction of cultural facilities. A "qualified corporation" is a corporation which is designated a not-for-profit corporation pursuant to s. 501(c)(3) or (4) of the Internal Revenue Code and is allowed to receive contributions pursuant to the provisions of s. 170 of the Internal Revenue Code and is incorporated as a not-for-profit corporation pursuant to Chapter 617, F.S. The Florida Arts Council is required to review the applications and make recommendations, in priority order, to the Secretary of State. The division allocates grants only for approved projects or projects for which funds are appropriated by the Legislature. Approved projects not funded by the Legislature are retained on the project list for the following grant cycle. This section of law gives the division the authority to adopt rules creating criteria regarding recommendations for grant awards and for administration of the grants.

A "cultural facility" means a building which houses an organization whose primary function is the programming, production, presentation, exhibition or any combination of the above functions of any of the cultural disciplines, such as: music, dance, theatre, creative writing, literature, painting, sculpture, folk arts, photography, crafts, public media, and historical and science museums.

The funding limitations are as follows:

- Maximum grant amount which may be requested is \$500,000.
- An applicant or facility cannot receive more than \$1.5 million within 5 consecutive fiscal years. Applicants or facilities reaching the cap during the 5-year period are required to wait at least one year before re-applying.

Match is required and for every one dollar the state provides for the project, the applicant must provide at least two dollars as match. Of the matching funds, at least 50% must be in cash and no state funds from other sources can be used as match.

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In FY 1999-00, \$11,616,189 was appropriated for the cultural facilities grant program and 30 projects were funded.

C. EFFECT OF PROPOSED CHANGES:

HB 1457 creates s. 265.702, F.S., which provides a selection and funding decision-making process for providing grants for the renovation, construction, or acquisition of cultural facilities that have a regional service area, education programs of excellence, and present programs or exhibits of national or international renown or reputation. For facilities other than the John and Mable Ringling Museum of Art and the Coconut Grove Playhouse, which by definition are considered regional cultural facilities, a regional cultural facility must have a documented proposed acquisition, renovation, or construction cost of at least \$50 million. These facilities, due to the length of funding needs or the amount of funding needs above \$500,000, either do not qualify for existing grant programs under the Department of State or are not able to receive the level of benefits needed by the facilities. Potential grant recipients are limited to counties, municipalities, or qualified not-for-profit corporations.

As with other existing processes for cultural grants, the Florida Arts Council reviews applications for grants and makes recommendations for grant awards, in priority order, to the Secretary of State. The Division of Cultural Affairs of the department assists in the administration of the grants that are funded by the Legislature.

Guidelines for funding and matching requirements are established. An annual grant may not exceed the lesser of \$2.5 million or 10% of the total project cost. Total state funding for a grant for a single project may not exceed the lesser of \$10 million in a 5-year period or 10% of the total project cost. The grant recipient must provide at least \$2 local matching funds for every state dollar awarded through this program. State funds from other sources are not eligible as a match. In-kind contributions of goods or services are eligible to meet up to 50% of the local match share.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Creates s. 265.702, F.S., to provide a mechanism for selection of and funding of renovation, construction, or acquisition of cultural facilities that have a regional service area, education programs of excellence, and present programs or exhibits of national or international renown or reputation.

Subsection (1) authorizes the Division of Cultural Affairs of the Department of State to accept and administer funds to provide grants to counties, municipalities, or certain nonprofit corporations for acquiring, renovating, or constructing regional cultural facilities.

Subsection (2) states that only a county, municipality, or qualified nonprofit corporation can qualify to apply for grants. A "qualified corporation" is defined as a not-for-profit corporation incorporated under Chapter 617, F.S., that is designated as not-for-profit under s. 501(c)(3) or (4) of the Internal Revenue Code and is also allowed to receive contributions under s. 170 of the Internal Revenue Code.

Subsection (3) requires that any entity owning an interest in the land on which a regional cultural facility is located must be a county, municipality or qualified corporation. The subsection also requires any state grant awarded to be matched on a ratio of \$2 from the entity receiving the award to every \$1 of money awarded.

Subsection (4) requires the Florida Arts Council to review applications for grants and submit the applications and recommendations of the Council, in priority order, to the Secretary of State. Grants are to be made based upon approval of the Secretary or upon legislative appropriation. Grant applications that are recommended by the Secretary but not funded by the Legislature remain on the project list for the following grant cycle. Additional information is to be provided by the applicant.

Subsection (5) defines "regional cultural facility." The John and Mable Ringling Museum of Art and the Coconut Grove Playhouse are considered regional cultural facilities. Additionally, any proposed or existing fixed facility primarily engaged in the arts must have the following in order to be considered such a facility: a regional service area of a 150-mile radius of its location; education programs of excellence; present programs or exhibits of national or international renown or reputation; and a documented proposed acquisition, renovation, or construction cost of at least \$50 million.

Subsection (6) delineates requirements regarding matching funds.

Subsection (7) limits the maximum amount of a grant which may be awarded in a single year to the lesser of \$2.5 million or 10% of the total cost of the facility and limits the maximum of a grant over a 5-year period to the lesser of \$10 million or 10 percent of the total costs of a facility.

Subsection (8) provides for rulemaking by the Division of Cultural Affairs.

Section 2. Provides an effective date of July 1, 2000.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Funding is not specified in the bill. Only the process for funding the grants is established. Maximum grant levels for single grants are established in the bill for a single year and for over a 5-year period.

According to the Department of State, if passed, the department will present this as an additional funding request in its future budget requests as it does for other grant programs. The department also indicated that the grant program will have only a minimal effect on staffing and other administrative responsibilities for the grants and will require no additional funding for these activities.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

If a local government chooses to participate in the regional cultural facilities grants, then state money, if appropriated, should be available to help with the acquisition, construction, or renovation of such facilities. The maximum amount of a grant which may be awarded in a single year is limited to the lesser of \$2.5 million or 10% of the total cost of the facility and limits the maximum of a grant over a 5-year period to the lesser of \$10 million or 10 percent of the total costs of a facility. Restrictions on funding are provided in the bill.

2. Expenditures:

If a local government chooses to participate in the regional cultural facilities grants, then the local government will be required to match each \$1 of state funding with \$2 of local match.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If a "qualified corporation" as defined in the legislation was to participate and was approved for a grant, then state money, if appropriated, would be available to help with the acquisition, construction, or renovation of such facilities. The maximum amount of a grant which may be awarded in a single year is limited to the lesser of \$2.5 million or 10% of the total cost of the facility and limits the maximum of a grant over a 5-year period to the lesser of \$10 million or 10 percent of the total costs of a facility. The qualified corporation would be required to match each \$1 of state funding with \$2 of funding from the corporation.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

The Division of Cultural Affairs is authorized to adopt rules to implement the provisions of the bill.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 13, 2000, the Tourism Committee unanimously passed HB 1457 with two amendments:

Amendment 1 Corrects language relating to the use of in-kind match as a percentage of required local match for state dollars.

Amendment 2 Provides that the grant process will apply to cultural programs as well as those primarily engaged in the arts. The amendment fosters consistency with the existing cultural institutions grant program. The change in terms allows historical and science museums to be possible recipients of grants.

VII. SIGNATURES:

COMMITTEE ON TOURISM:

Prepared by:

Judy C. McDonald

Staff Director:

Judy C. McDonald

AS REVISED BY THE COMMITTEE ON GOVERNMENTAL RULES & REGULATIONS:

Prepared by:

Shari Z. Whittier

Staff Director:

David M. Greenbaum