

**STORAGE NAME:** h0987.tu.doc  
**DATE:** March 12, 2001

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
TOURISM  
ANALYSIS**

**BILL #:** HB 987  
**RELATING TO:** Regional Cultural Facilities  
**SPONSOR(S):** Representative(s) Rubio  
**TIED BILL(S):** None

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

- (1) TOURISM
  - (2) GENERAL GOVERNMENT APPROPRIATIONS
  - (3) COUNCIL FOR READY INFRASTRUCTURE
  - (4)
  - (5)
- 

**I. SUMMARY:**

Effective July 1, 2001, House Bill 987, by creating s. 265.702, F.S., provides a statutorily-based selection process and funding decision process for providing grants for the renovation, construction, or acquisition of cultural facilities that are primarily engaged in the arts and that have a regional service area; education programs of excellence and facilities, space and staff dedicated to delivery of programs in the arts; and present programs or exhibits in the arts 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, either because of 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 award in priority order to the Secretary of State. The Division of Cultural Affairs of the department will assist in the administration of the grants that are funded by the Legislature.

Guidelines for funding and match 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 total cost of the facility is required to be calculated on the primary scope of the original submitted proposal and is not to include the cost of additions that change the original scope of the facility. 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 match. The bill states that 50% of any in-kind contribution of goods or services may be counted toward required match.

The Division of Cultural Affairs may adopt rules pertaining to grants for regional cultural facilities and to the administration of the new section created by this bill.

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 is done for other grant programs. Staffing and administrative costs are minimal.

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 of the Division of Cultural Affairs (division) of the Department of State. The program provides for the division to accept and administer moneys appropriated to it for providing grants to counties, municipalities, and qualifying nonprofit 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 to 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 relating to criteria for recommendations for grant awards and for administration of the grants.

According to rules, 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. 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. No state funds from other sources can be used as match.

C. EFFECT OF PROPOSED CHANGES:

Effective July 1, 2001, House Bill 987, by creating s. 265.702, F.S., provides a statutorily-based selection process and funding decision process for providing grants for the renovation, construction, or acquisition of cultural facilities that are primarily engaged in the arts and that have a regional service area; education programs of excellence and facilities, space and staff dedicated to delivery of programs in the arts; and, present programs or exhibits in the arts 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, either because of 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 award in priority order to the Secretary of State. The Division of Cultural Affairs of the department will assist in the administration of the grants that are funded by the Legislature.

Guidelines for funding and match 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 total cost of the facility is required to be calculated on the primary scope of the original submitted proposal and is not to include the cost of additions that change the original scope of the facility. 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 match. The bill states that 50% of any in-kind contribution of goods or services may be counted toward required match.

The Division of Cultural Affairs may adopt rules pertaining to grants for regional cultural facilities and to the administration of the new section created by this bill.

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 (primarily engaged in the arts) that have a regional service, education programs of excellence in the arts, and present programs or exhibits in the arts 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©(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 for 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 stay on the project list for the following grant cycle only. Additional information is to be provided by the applicant.

Subsection (5) defines "regional cultural facility." 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% 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, 2001.

### 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, the grant program will have only a minimal effect on staffing and other administration responsibilities for the grants and will require no additional funding for these activities with the exception of \$1500 in FY 2001-02 for staff time and weekly costs involved in setting up rules and guidelines for the program. The department also indicated that, if passed, the department will present this as an additional funding request in its future budget requests as it does for other grant programs.

#### 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, 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% 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 were to participate and to be 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% 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:

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, the grant program will have only a minimal effect on staffing and other administration responsibilities for the grants and will require no additional funding for these activities with the exception of \$1500 in FY 2001-02 for staff time and weekly costs involved in setting up rules and guidelines for the program. The department also indicated that, if passed, it will present this as an additional funding request in its future budget requests as it does for other grant programs.

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 expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of counties or municipalities to raise revenue.

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

This 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 may adopt rules pursuant to ss. 120.536(1) and 120.54, F.S., prescribing the criteria to be applied to applications for grants and rules providing for the administration of the newly created section on regional cultural facility grants.

C. OTHER COMMENTS:

In the 2000 legislative session, an almost identical bill was passed by the Tourism Committee. Two amendments were offered to the legislation at that time. One amendment corrected the language, which appears again in HB 987, relating to the use of in-kind match as a percentage of required local match for state dollars. The second amendment provided that the grant process would apply to cultural programs versus only those primarily engaged in the arts. The amendment made the language of the bill consistent with the existing cultural institutions grant program that includes historical and science museums as possible recipients of grants.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON TOURISM:

Prepared by:

Staff Director:

\_\_\_\_\_  
Judy C. McDonald

\_\_\_\_\_  
Judy C. McDonald