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DATE: February 6, 2002

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
STATE ADMINISTRATION
ANALYSIS**

BILL #: HB 1231
RELATING TO: Regional cultural facilities
SPONSOR(S): Representative Rubio
TIED BILL(S):

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

- (1) STATE ADMINISTRATION
 - (2) GENERAL GOVERNMENT APPROPRIATIONS
 - (3) COUNCIL FOR SMARTER GOVERNMENT
 - (4)
 - (5)
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I. SUMMARY:

This bill provides that the Division of Cultural Affairs of the Department of State may accept and administer moneys that are appropriated to it for providing grants to counties, municipalities, and qualifying nonprofit corporations for the acquisition, renovation, or construction of regional cultural facilities. A state grant awarded under this section must be matched by a contribution from the county, municipality, or nonprofit corporation in an amount equal to \$2 for each \$1 awarded under this program. In order to be eligible, the cultural facility must:

- Be a fixed facility that is primarily engaged in cultural programs;
- Have educational programs of excellence and facilities, space, and staff dedicated to the development and delivery of such cultural programs;
- Present cultural programs or exhibits that are of national or international renown or reputation;
- Have, within a 150-mile radius of the facility, a service area that includes regular attendees, clients, or program participants; and
- Have a documented proposed acquisition, renovation, or construction cost of at least \$50 million.

The Florida Arts Council must review each grant application for a grant and must submit annually to the Secretary of State for approval a list of all applications received and its recommendations, arranged in order of priority. The division may allocate grants only for regional cultural facilities that are approved by the secretary or for which funds are appropriated by the Legislature. This bill limits the amount of money any one cultural facility may receive annually, as well as what may be received over a five-year period.

This bill does not establish an appropriation to fund this program. This bill does not appear to have a significant fiscal impact on state government, and appears to have no fiscal impact on local governments (any requirement that a local government expend effort or funds takes effect only if the local government *chooses* to take advantage of the benefits of this program).

THIS DOCUMENT IS NOT INTENDED TO BE USED FOR THE PURPOSE OF CONSTRUING STATUTES, OR TO BE CONSTRUED AS AFFECTING, DEFINING, LIMITING, CONTROLLING, SPECIFYING, CLARIFYING, OR MODIFYING ANY LEGISLATION OR STATUTE.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|--|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input 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:

When a bill establishes a government benefit which did not previously exist (in this case subsidization of regional culture centers), that bill does not support the principle of "Less Government."

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.

That section further provides that 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. The state grant must be matched by a contribution from the county, municipality, or nonprofit corporation in an amount to be determined by the Department of State. The division is given the authority to adopt rules relating to criteria for recommendations for grant awards and for administration of the grants.

According to rules,¹ 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, set forth in the rules, are as follows:

- Maximum grant amount which may be requested in any year is \$500,000; and
- 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.

¹ Rule 1T-1001, F.A.C.

C. EFFECT OF PROPOSED CHANGES:

This bill provides that the Division of Cultural Affairs of the Department of State may accept and administer moneys that are appropriated to it for providing grants to counties, municipalities, and qualifying nonprofit corporations for the acquisition, renovation, or construction of regional cultural facilities.

A state grant awarded under this section must be matched by a contribution from the county, municipality, or nonprofit corporation in an amount equal to \$2 for each \$1 awarded under this program. Of the matching funds, at least 50 percent must be in cash. State funds from other sources are not eligible as match.

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- Have, within a 150-mile radius of the facility, a service area that includes regular attendees, clients, or program participants; and
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The Florida Arts Council must review each grant application and must submit annually to the Secretary of State for approval a list of all applications received and its recommendations, arranged in order of priority. The division may allocate grants only for regional cultural facilities that are approved by the secretary or for which funds are appropriated by the Legislature. The bill limits the amount of money any one cultural facility may receive annually, as well as what may be received over a five-year period.

An annual grant may not exceed the lesser of \$2.5 million or 10 percent 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 percent 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 Division of Cultural Affairs may adopt rules pertaining to grants for regional cultural facilities and to the administration of the new grant program.

D. SECTION-BY-SECTION ANALYSIS:

See "Effect of Proposed Changes" portion of this analysis

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. Certain minimum and maximum grant levels are established in the bill.

According to the Department of State, the grant program established in s. 265.702, F.S., 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 a minimal amount for staff time and weekly costs involved in setting up rules and guidelines for the new program.

In order for the program as envisioned in this bill to be fully realized, the department would have to present additional funding requests 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 (and, provided state funds are actually appropriated, making this program viable) then state money would be available to help with the acquisition, construction, or renovation of such facilities.

2. Expenditures:

If state funds are actually appropriated, making this program viable, and if a local government wanted to participate in this program, it would have to somehow raise, or otherwise provide, matching funds to receive the state dollars.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

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:

This 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:

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 pertaining to grants for regional cultural facilities and to the administration of the new grant program.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON STATE ADMINISTRATION:

Prepared by:

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