

Testimony in support of HB 2470
House Rules Committee
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Oregon's cultural tax credit generates revenue for the Oregon Cultural Trust, which supports a wide network of cultural providers across the state.

The credit was established as an incentive for Oregonians to generate more resources for the arts, heritage and humanities. Since 2002, Oregonians have used the tax credit to contribute over \$30 million for Oregon culture. Over \$12 million has been awarded in grants. The balance remains in a permanent fund.

The Cultural Trust, Oregon's national model for integrated cultural funding, distributes funding in three ways to engage Oregonians around culture. Cultural coalitions in each of Oregon's 36 counties and the nine federally-recognized tribes not only bring community volunteers together for cultural planning, but facilitate community dialogue about what cultural investments should be made.

Through competitive grants, the Oregon Cultural Trust supports a network of 1,300 cultural non-profits across Oregon (10% of Oregon's non-profit sector) that provides arts, heritage and humanities programming in every corner of the state.

And it supports the work of five statewide entities that deliver services broadly.

The tax credit has a solid multiplier effect:

- Every contribution to the Cultural Trust requires a contribution to a cultural non-profit, so the cultural tax credit has been a powerful incentive for people to give to Oregon's cultural nonprofits – and increase giving to culture.
- Gifts are entirely voluntary.
- Donors to the Cultural Trust from high-population counties are generating the resources to support culture in our smallest and most remote counties.
- The Trust benefits all of Oregon – at state and local levels.

Local Beneficiaries include children, families and organizations:

- The impact of the tax credit and the Cultural Trust's support of cultural groups extend way beyond the actual users of the credit: 6 million people experience culture in Oregon each year.
- Non-profits like Oregon's flagship cultural giants (Oregon Historical Society and Portland Art Museum) in Portland's cultural district, as well as Bag & Baggage in Hillsboro, the resident companies of the Hult Center in Eugene and small historical

societies across Oregon use the Cultural Tax Credit to leverage and expand their critical fundraising

- Trust grants enabled organizations like Josephine Community Libraries to acquire Spanish children's books and bilingual books for English Language Learners. Additional support has been provided to libraries in Siletz, Tillamook and Stayton.
- The funds generated using the tax credit bring Oregon culture from our cities to small communities - bringing performing and literary arts to rural and underserved schools

The Trust's five cultural partners – Oregon Humanities, Oregon Heritage Commission, the State Historic Preservation Office, Oregon Historical Society and the Oregon Arts Commission – leverage Trust dollars with other funds to make a statewide impact. The award-winning Oregon Humanities Magazine, with a circulation of 10,000 readers, is nationally recognized as a clearinghouse of writing and ideas about issues in Oregon. Humanities' Conversation Project brings thought-provoking speakers and scholars to libraries and community gathering places for face to face discussions about current trends, our history and ways we can make Oregon an even better place.

The Oregon Heritage Commission partners with cultural groups like Tamastlikt Cultural Institute on the Umatilla Indian Reservation and the Southern Oregon Historical Society to offer on the ground technical assistance so local historical groups can better protect their collections and make them available to visitors.

Trust funds supported the Oregon Arts Commission's annual arts summit, attracting more than 400 arts leaders for professional development, networking and sharing information.

The Trust, now 10 years old, connects culture with education, the economy, and civic engagement. It supports the foundations of our communities – reflecting who we are, where we live and what we believe in. Culture brings us together – to learn from each other and help us understand our differences.

In the education arena, the outcomes for Oregon's 10 Year Roadmap provide that **Oregonians are prepared for lifelong learning, rewarding work and engaged citizenship**. Over 500,000 Oregon youth benefit directly from arts and cultural programs in their schools and communities. As active citizens, they continue to engage on many levels through hundreds of concerts, exhibitions, readings and performances, lectures and demonstrations. Culture helps us permeate racial, geographic and generational walls and better understand ourselves as Oregon's demographics change.

Beyond those intrinsic values, the arts and culture sector contributes jobs, incomes, and tax revenues to Oregon's economy. Cultural nonprofits increase spending in the state by attracting tourists and keeping Oregonians from spending their money outside the state. More spending means more employment for people, for machines, for buildings, and for other local resources.

The cultural sector contributes to Oregon employment directly and indirectly.

In 2011, the Oregon Cultural Trust's 1,326 eligible cultural nonprofits directly generated an estimated \$580.5 million in sales, and employed 8,750 persons who received \$272.8 million in income. These direct contributions ripple out through the economy.

Through additional supply-chain and consumption-driven spending, the total economic impacts associated with eligible cultural nonprofits amount to more than \$1.2 billion in sales, including almost \$470 million in income and 14,900 jobs in 2011. This economic activity generated an estimated \$57.2 million in tax and fee revenues for state and local governments.

\$1 million in sales by eligible cultural nonprofits generates another \$1.1 million in sales for other Oregon businesses.

Every 10 jobs at eligible cultural nonprofits are linked to seven jobs in other sectors of the Oregon economy.

\$1 million in state and local taxes paid by eligible cultural nonprofits is associated with another \$1.9 million in taxes and fees generated in other sectors.

More broadly, over 19,000 Oregonians work in arts and culture occupations, nearly the size of Oregon's entire legal sector (19,000 vs. 22,000). Roughly 8,000 of those jobs are associated with the 1,300 cultural groups recognized by the Cultural Trust.

The cultural sector contributes to Oregon's ability to grow over the long run. Many economists argue that arts and culture help boost a region's capacity to grow long term by making individuals smarter, healthier, and more productive; by contributing to a desirable quality of life that helps to attract skilled, creative workers and firms; by helping to create a culture of creativity that fuels innovation; and by creating valuable social bonds and productive social norms.

The Cultural Trust has become the trusted, transparent public entity that ensures Oregonians have wide access to culture and the arts, that Oregon cultural groups statewide have the skills and resources to offer quality programs, and that public and private support for arts and culture is increased and leveraged.

The cultural tax credit is achieving its public purpose of building participation in culture – by generating both public and private investment in the arts, heritage and humanities.

The original timeline for building a permanent Trust fund to sustain Oregon's cultural needs was estimated to be 10 years, using a combination of contributed funds using the tax credit, sales of cultural license plates and the transfer of surplus state assets (lands). With the lack of land and other asset transfers, the tax credit has become a powerful tool to stimulate individual

contributions and has become the single most important revenue driver for the Cultural Trust. However, this is a more labor-intensive process than larger infusions of surplus assets, so more time is needed to grow the permanent fund.

The Trust has become a national model – for its public-private partnership, its creation of local cultural coalitions, its unifying multiple state entities and its recognition of tribal governments as equal to counties.

Other states have “trust” like programs but none is as expansive as the Oregon Cultural Trust.

We ask for your support of HB 2470.