
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Transportation and Economic Development Subcommittee

From: Steve Bender, Legislative Fiscal Office
(503) 986-1836

Date: May 27, 2015

Subject: SB 441
Work Session Recommendations

SB 441 relates to to property creditable to the Trust for Cultural Development Account (Cultural Trust). The bill authorizes the Cultural Trust to solicit and accept gifts, bequests or devises of money, securities or other property of any kind. The bill also changes the annual disbursements of Cultural Trust monies.

The measure was reported out of the Senate Committee on Business and Transportation on March 17 with a do pass, and be referred to Ways and Means by prior reference, recommendation. Copies of that Committee's staff measure summary, of the LFO fiscal impact statement, and of the proposed amendments are attached to this memo and also available on the Oregon Legislative Information System (OLIS).

Amendment

The budget establishes a single Other Funds expenditure limitation for the Arts Commission and the Cultural Trust. The proposed -2 amendment to the measure increases this Other Funds expenditure limitation by \$306,770, to accommodate disbursements by the Cultural Trust at the maximum level allowed under the bill. Because the Cultural Trust has Other Funds expenditure limitation already in its budget that has not been fully utilized under the current distribution policy, this amount of increase will accommodate the full \$1,664,000 increase in expenditures under the bill.

Motion: *Move adoption of the -2 amendments to SB 441.*

SB 441 Final Subcommittee Action:

Final Motion: Move SB 441, as amended, to the Full Committee with a Do Pass recommendation.

Assignment of Carriers

Full: _____

1st Chamber: _____

2nd Chamber: _____

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 441 - 2**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Krista McDowell
Reviewed by: Daron Hill, Steve Bender
Date: 5/27/2015

Measure Description:

Authorizes Trust for Cultural Development Board to solicit and accept gifts, bequests or devises of money, securities or other property.

Government Unit(s) Affected:

Business Development Department (Business Oregon)

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The bill authorizes the Trust for the Cultural Development Board (Cultural Trust) to solicit and accept gifts, bequests or devises of money, securities or other property of any kind. The bill also changes the annual disbursements of Cultural Trust monies, from up to 42 percent of the amount in the Cultural Trust, to between 50 percent and 60 percent of the amount deposited into the Trust during the prior fiscal year. Current practice is to limit annual Trust disbursements to no more than 42% of the amount raised in the prior fiscal year. This fiscal impact statement assumes that the Cultural Trust will increase annual disbursements to the maximum limit of 60% of the amount raised in the prior fiscal year allowed under the bill. This change would result in additional expenditures for grants and administration of approximately \$1,664,000 per biennium over current levels, with an equal reduction in monies retained in the Trust.

The bill also changes the amount of funds, from 7.5 percent of the account to \$400,000, adjusted annually by a multiplier of the monthly averaged US City Consumer Price Index for All Urban Consumers; which the Cultural Trust may use for administrative purposes. The distribution of grant funds is changed from equal distributions to the three categories of recipients, to the following split: 50 percent to the Cultural Development Grant Program, 25 percent to Oregon's counties and tribes through the Community Cultural Participation Grant Program, and 25 percent to the core partner agencies as provided under ORS 359.441. These changes together will increase Cultural Development Grants by approximately \$1,140,000 per biennium (doubling the amount over current law levels) and increase Cultural Trust administrative expenses by \$523,000 per biennium (a 38% increase). Grant amounts to Community Cultural Participation Grant recipients, and to core partner agencies, remain unchanged. The latter two categories of recipients would receive allocation reductions, however, if the Cultural Trust chooses to distribute less than the maximum 60% permitted by the bill.

Administration of the expanded Cultural Development Grant Program, as well as the processing of contributions to the Trust, is expected to require a full-time Office Manager 2 position (1.0 FTE) at a cost of \$153,028 per biennium. The Cultural Trust has Other Funds expenditure limitation that has not been fully utilized under the current distribution policy, so a \$306,770 Other Funds expenditure limitation increase will accommodate all of the expenditure increases identified above.

The bill is anticipated to reduce deposits to the Cultural Trust corpus by 33 percent.

Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session
STAFF MEASURE SUMMARY
Senate Committee On Business and Transportation

MEASURE: SB 441

Fiscal: Fiscal impact issued

Revenue: No Revenue Impact

Action Date: 03/16/15

Action: Do Pass And Refer To Ways And Means By Prior Reference.

Meeting Dates: 03/16

Vote:

Yeas: 5 - Beyer, Girod, Monroe, Riley, Thomsen

Prepared By: James LaBar, Committee Administrator

WHAT THE MEASURE DOES:

Permits the Trust for Cultural Development Board to solicit and accept gifts, bequests or devises of money, securities or other property. Directs income from property to be credited to Trust for Cultural Development Account. Creates a minimum of fifty percent and a maximum of sixty percent that must be disbursed from Trust for Cultural Development Account each fiscal year. Changes maximum amount from 7.5 percent to \$400,000 that Arts Program may use from amounts disbursed from Account for certain purposes. Changes remaining amounts disbursed from: Account for Cultural Development Grant Program from one-third to fifty percent; Community Cultural Participation Grant Program from one-third to twenty-five percent; and core partner agencies from one-third to twenty-five percent. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Benefits of the Oregon Cultural Trust
- Personal and local stories regarding grants from Oregon Cultural Trust
- Trust for Cultural Development Account investments and disbursements

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Cultural Trust is governed by a 13-member board of directors, comprised of citizens who are committed to the cultural development of Oregon. The 11 citizens appointed by the Governor serve as voting members of the board; the Speaker of the House of Representatives and the President of the Senate each appoint a member of the Legislative Assembly as non-voting advisory members. The Cultural Trust also has two non-voting special advisers.

The Oregon Cultural Trust's mission is to lead in building an environment where cultural organizations are sustained and valued as a core part of Oregon's vibrant communities and economy. For 10 years, the Cultural Trust has played a role in building Oregon communities. Simultaneously, the Trust is building a permanent fund, now almost \$25 million, so that future generations can experience Oregon culture. Through grant programs and encouraging philanthropy, the Cultural Trust contributes to the state's economy, supporting cultural nonprofits that inspire children, preserve Oregon's cultural treasures and foster Oregon's reputation as an incubator for new ideas. The Cultural Trust provides extensive support to rural areas and hard-to-reach places with the help of more than 400 cultural coalition volunteers.

**PROPOSED AMENDMENTS TO
SENATE BILL 441**

1 On page 2 of the printed bill, after line 30, insert:

2 **“SECTION 6. Notwithstanding any other law limiting expenditures,**
3 **the limitation on expenditures established by section 2 (4), chapter**
4 **_____, Oregon Laws 2015 (Enrolled Senate Bill 5525), for the biennium**
5 **beginning July 1, 2015, as the maximum limit for payment of expenses**
6 **from fees, moneys or other revenues, including Miscellaneous Re-**
7 **ceipts, but excluding lottery funds and federal funds, collected or re-**
8 **ceived by the Oregon Business Development Department for the Arts**
9 **and Cultural Trust, is increased by \$306,770.”.**

10 In line 31, delete “6” and insert “7”.

11 _____