

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: May 14, 2013

TO: Honorable Members of the Rules, Elections and Intergovernmental Relations
Committee

FROM: Gerry F. Miller 
Chief Legislative Analyst

Council File No.: 13-0002-S65
Assignment No.: 13-04-0324

SUBJECT: Resolution (Krekorian -LaBonge - Buscaino - Koretz) to support AB 580
(Nazarian).

CLA RECOMMENDATION: Adopt the attached Resolution to include in the City's 2013-2014 State Legislative Program SUPPORT for AB 580 (Nazarian) which will allocate \$75 million to the California Arts Council (CAC) to fund art programs statewide.

SUMMARY

Resolution (Krekorian - LaBonge - Buscaino -Koretz) states that Governor Brown created the California Arts Council in 1975 to increase access to the arts for all Californians and since 2003 the budget has been reduced from \$12.6 million to \$1 million (97 percent) which resulted in California ranking 49th in the nation on per capita spending on state art agencies. The Resolution states that the arts are a significant contributor to the California economy which generates more than \$9 billion in economic activity and 500,000 jobs.

The Resolution states that on March 19, 2013 Assemblymember Adrin Nazarian introduced AB 580 which would increase appropriations for the CAC from \$1 million to \$75 million and would allow California to rank 12th in the nation for per capita funding of arts agencies. The Resolution notes that AB580 has passed the Assembly Committee on Arts, Education, Sports, Tourism and Internet Media and is now pending in the Assembly Committee on Appropriations. According to the Resolution, previous bills to increase CAC's funding have been held in the Assembly Committee on Appropriations.

The Resolution therefore requests that the City support AB 580.

BACKGROUND

On February 20, 2013, AB 580 was introduced by Assemblymember Adrin Nazarian to create a continual annual appropriation of \$75 million from the State General Fund to the California Arts Council (CAC). The CAC is comprised of eleven members, with the Speaker of the Assembly and the Senate Committee on Rules each appointing one member and the Governor appointing nine members. As established under current law, the mission of the CAC is to award grants in order to encourage artistic awareness, assist groups in the development of local arts programs, promote the display of art in public buildings, and support the employment efforts of artists in the public and private sector.

Prior to 2003 the CAC issued grants totaling \$18 million to eligible organizations. However, due to the State budget crisis, the CAC budget was reduced to \$1 million (97 percent) in each subsequent budget cycle. AB 580 (Nazarian) would restore funding to previous levels by making a \$75 million annual appropriation from the State General Fund to support efforts of the CAC to promote the arts. According

to the author, non-profit arts organizations contribute \$9 billion to the State economy and such investment can revitalize an area by drawing tourists, providing a sense of community, and enhancing property values.

According to a report released by the CAC, in 2004 the California nonprofit arts sector attracted 71.2 million people throughout the State to participate in various arts-related activities such as festivals, arts courses, and performing arts productions. The report further states that funds received from foundations, individuals, corporations, and governments are critical to enable all Californians to access and afford the arts.

The Los Angeles County Economic Development Corporation (LACEDC) states in its report "The Entertainment Industry and the Los Angeles County Economy" that activities associated with visual and performing arts are key drivers to the local economy in such industries such as electronic game design, film, music, radio, and television. The LAEDC further reports that the entertainment industry employed nearly 162,000 wage and salary workers and more than 85,000 free-lance professionals and independent contract workers in 2011 which generated nearly \$6 billion annually in state and local taxes.

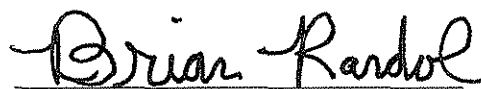
The Department of Cultural Affairs (DCA) supports this bill. DCA notes that State investment in the arts is less than every state except for Kansas. According to DCA, California should fund the arts at the highest level possible given that a large portion of economic activity in the City is based on artistic activities. DCA notes that State support of the arts is critical as our regional and local economy show signs of recovery.

We note that the bill is currently in the suspense file of the Assembly Committee on Appropriations, as there will be a \$75 million impact to the State General Fund if AB 580 is adopted. In the absence of a State budget surplus, adoption of the bill may cause reductions in other services the State currently provides to the City. However, AB 580 is consistent with current City efforts and programs to support artists who create works which enhance the quality of life for City residents and retain the City's advantage in attracting and retaining jobs in such industries as television and film. Therefore, we recommend support of AB 580.

Departments Notified
Cultural Affairs

Bill Status

Apr. 17	Referred to Committee on Appropriations suspense file.
Apr. 9	Passed From Committee on Arts, Education, Sports, Tourism and Internet Media re-referred to Committee on Appropriations.
March 20	Amended in Committee on Arts, Education, Sports, Tourism and Internet Media .
February 20	Read first time. To print.



Brian Randol
Analyst

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have been adopted in form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the California Arts Council (CAC) was created in 1975 under Governor Jerry Brown to increase access to the arts for all Californians; and

WHEREAS, since 2003, the budget for the CAC has been slashed by 97 percent and as a result the National Assembly of State Arts Agencies ranks California 49th in the nation in per capita spending on state art agencies; and

WHEREAS, today, California only spends about 3 cents per resident from the general fund to support the CAC; and

WHEREAS, the arts contribute significantly to California's economy through tourism, jobs, social services, and educational outreach, generating more than \$9 billion in economic activity; and

WHEREAS, California's arts sector provides over 500,000 jobs in the state, accounting for 7.6 percent of total employment; and

WHEREAS, on March 19, 2013, Assemblymember Adrin Nazarian introduced AB 580, Funding for the Arts, which would increase appropriations for the CAC from \$1 million to \$75 million; and

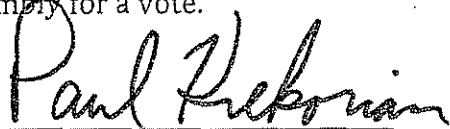
WHEREAS, AB 580 will bring California arts funding to nearly \$2.00 per person, making California 12th in the nation; and

WHEREAS, AB 580 has passed the Assembly's Committee on Arts, Entertainment, Sports, Tourism and Internet Media and now moves to the committee on Appropriations; and

WHEREAS, previous recent efforts to increase CAC's funding, including AB 700 (Krekorian) in the 2009 session, have been held in the Appropriations Committee;

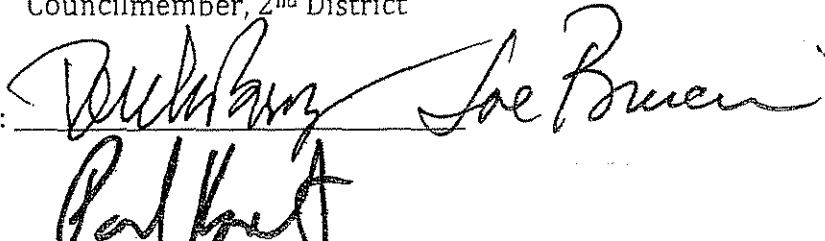
NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2013-2014 State Legislative Program SUPPORT for AB 580, which will allocate \$75 million to the CAC from the General Fund to fund art programs statewide and will create jobs and boost California's economy by restoring funding to the arts, and further urges the Assembly Committee on Appropriations to advance AB 580 to the full assembly for a vote.

PRESENTED BY:



PAUL KREKORIAN
Councilmember, 2nd District

SECONDED BY:



AMENDED IN ASSEMBLY MARCH 19, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 580

Introduced by Assembly Member Nazarian

February 20, 2013

An act to ~~amend Section 5096 of the Revenue and Taxation Code~~ add Section 8753.6 to the Government Code, relating to ~~taxation state government, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 580, as amended, Nazarian. ~~Property taxation: refunds. Arts Council: grants.~~

Existing law establishes the Arts Council composed of 11 members, with the Speaker of the Assembly and the Senate Committee on Rules each appointing one member and the Governor appointing 9 members who are subject to confirmation by the Senate. The Arts Council is authorized to award grants, as specified.

This bill would continuously appropriate \$75,000,000 annually from the General Fund to the Arts Council to be used for grants as currently authorized by law, thereby making an appropriation.

This bill would also provide legislative findings and declarations regarding publicly funded art.

~~Existing law requires property taxes to be refunded under specified circumstances.~~

~~This bill would make a technical, nonsubstantive change to that provision.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. *The Legislature finds and declares all of the*
2 *following:*
- 3 (a) *Life in this state is enriched by art, innovation, and creativity.*
4 (b) *The source of art is in the natural flow of the human mind,*
5 *but realizing craft and beauty is demanding, and the people of the*
6 *state desire to encourage and nourish these skills wherever they*
7 *occur, to the intrinsic and extrinsic benefit of all.*
8 (c) *Every dollar in state support for the arts leverages seven*
9 *dollars (\$7) in earned and contributed revenue, and brings back*
10 *more than three dollars (\$3) in taxes to state and local government*
11 *entities.*
12 (d) *California's cultural enterprises provide nearly 500,891*
13 *jobs for its residents, accounting for 7.6 percent of total*
14 *employment.*
15 (e) *Nonprofit arts organizations contribute nine billion four*
16 *hundred thousand dollars (\$9,000,400,000) to the state's economy.*
17 (f) *Nonprofit arts organizations are a partner to the creative*
18 *industries and play a key role in the 21st Century workforce and*
19 *the global economy, including in the fields of architecture,*
20 *advertising, consulting, education, performing arts, museums, and*
21 *other cultural industries; design, including electronic design,*
22 *software development, film, games, including computer games,*
23 *historic preservation, music, new media, publishing, radio,*
24 *television, and tourism.*
25 (g) *An investment in the arts and the creative economy industries*
26 *can revitalize a neighborhood or area by accomplishing all of the*
27 *following:*
- 28 (1) *Stimulating the economy.*
29 (2) *Engaging residents.*
30 (3) *Drawing tourists.*
31 (4) *Providing a sense of community.*
32 (5) *Serving as a gathering place.*
33 (6) *Encouraging creativity.*
34 (7) *Strengthening community partnerships.*
35 (8) *Promoting the arts and supporting artists.*
36 (9) *Developing a positive image for the area.*
37 (10) *Enhancing property values.*
38 (11) *Capitalizing on local cultural, economic, and social assets.*

1 (12) *Creating jobs.*

2 SEC. 2. *Section 8753.6 is added to the Government Code, to*
3 *read:*

4 8753.6. *Notwithstanding Section 13340 of the Government*
5 *Code, the General Fund is hereby continuously appropriated to*
6 *the Arts Council in the amount of seventy-five million dollars*
7 *(\$75,000,000) in each fiscal year. These funds shall be used only*
8 *to issue grants to further the arts, as otherwise authorized to be*
9 *issued under this chapter.*

10 -

11 SECTION 1. ~~Section 5096 of the Revenue and Taxation Code~~
12 ~~is amended to read:~~

13 ~~5096. Taxes paid before or after delinquency shall be refunded~~
14 ~~if they were:~~

15 ~~(a) Paid more than once.~~

16 ~~(b) Erroneously or illegally collected.~~

17 ~~(c) Illegally assessed or levied.~~

18 ~~(d) Paid on an assessment in excess of the ratio of assessed value~~
19 ~~to the full value of the property as provided in Section 401 by~~
20 ~~reason of the assessor's clerical error or excessive or improper~~
21 ~~assessments attributable to erroneous property information supplied~~
22 ~~by the assessee.~~

23 ~~(e) Paid on an assessment of improvements when the~~
24 ~~improvements did not exist on the lien date.~~

25 ~~(f) Paid on an assessment in excess of the value of the property~~
26 ~~as determined pursuant to Section 1614 by the county assessment~~
27 ~~appeals board.~~

28 ~~(g) Paid on an assessment in excess of the value of the property~~
29 ~~as determined by the assessor pursuant to Section 469.~~

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