

SUBJECT: Abolishing the Texas Cultural Endowment Fund

COMMITTEE: Culture, Recreation and Tourism — favorable, without amendment

VOTE: 6 ayes — Homer, D. Howard, Kleinschmidt, McCall, Phillips, Thibaut
0 nays
3 absent — Dukes, T. King, Kuempel

SENATE VOTE: On final passage, April 17 — 28-0

WITNESSES: (*On House companion bill, HB 2242:*)
For — Amy Barbee, Texas Cultural Trust

Against — None

BACKGROUND: In 1993, the 73rd Legislature established the Cultural Endowment Fund outside the treasury to provide a source of financial support for the Commission on the Arts and to eliminate the need for future appropriations of general revenue funds. The fundraising goal was set at \$200 million by 2005, the level estimated necessary to support annual agency appropriations of \$9.3 million.

DIGEST: SB 1900 would abolish the Texas Cultural Endowment Fund on December 1, 2009. The money in the fund, including interest, not subject to donor restrictions would be transferred to the Texas Commission on the Arts operating fund, but could not be used to reduce appropriations made for the fiscal biennium beginning September 1, 2009. Money subject to donor restriction would be returned to the donor.

Government Code sections relating to the Cultural Endowment Fund would be repealed. Government Code, sec. 444.025 would be amended to require that money paid to the Commission on the Arts and proceeds from the sale of Texas Music Project compact discs be deposited in the Texas Commission on the Arts operating fund, rather than the Cultural Endowment Fund.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS
SAY:**

The Cultural Endowment Fund has not accomplished its purpose of providing a sustainable source of financial support for the Texas Commission on the Arts. The Cultural Endowment Fund is far from its target of \$200 million, ending fiscal 2008 with a balance of \$9.8 million.

A long-term revenue stream to build the Cultural Endowment Fund was never identified, and no legislative appropriations have been made in the last two biennia. Also, there have not been any private contributions made in the last two years.

The bill would provide specific requirements for how the money would be handled to ensure that the money could not be diverted from its intended purpose.

**OPPONENTS
SAY:**

No apparent opposition

NOTES:

The House companion bill, HB 2242 by Leibowitz, passed the House by 132-0 on May 8 and was considered in a public hearing by the Senate Administration Committee on May 18.

According to the fiscal note, the bill would result in a one-time gain in general revenue-dedicated funds of \$6,579,793 to the Texas Commission on the Arts' operating account. Of that amount, \$1,839,807 is estimated to be private donations. It is currently undetermined if any of the private donations would need to be returned to donors.