Dedicated funding sources for cultural and entertainment assets in five metro areas

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Key Research Questions

How much (if any) public funding is needed?

Which institutions and how should $$ be allocated?

How have other regions approached problem?
Explore funding mechanisms used by: Oklahoma City, Pittsburgh, Denver, Cleveland, and St. Louis.

Model four of those approaches for Milwaukee County.
# Metropolitan Area Projects (MAPS)

- 1-cent sales tax
- Approval: Voter referendum
- Term: Temporary

## Allocation
- Four sequential project packages, outlined in the voter referendum
- MAPS 3 (current package): $777 million, 8 years, 8 projects

## Eligible Use
- Capital only
- Separate use tax for ongoing operating/maintenance
- Cash-financed (almost no bonding)

## Funded Assets
- Performing arts centers
- Parks
- Convention, sports, and civic centers
- State fairgrounds
- Transit
- Schools, libraries
Relevant observations

Addressed cost of ongoing operations, maintenance, and capital replacement on new and renovated assets.

Clear emphasis on downtown development and schools, as opposed to arts and culture.

Governing process focused on completing projects as outlined within promised budgets & timeframes.

Because MAPS projects involved new construction, voters literally could see their tax dollars at work.
Allegheny County Regional Asset District

Allocation
- $91.2 million to 91 assets in 3 funding levels
- Contractual assets, multi-year assets, annual grantees

Eligible Use
- Operating (96.4%) & capital (3.6%)
- Nonprofits and governmental units serving region

Funded Assets
- Libraries (32%)
- Regional parks/trails (30%)
- Sports facilities/convention (16%)
- Arts and culture (10%)
- Zoo, aviary, bot. garden (8.5%)
- Transit (3%)

Half-cent sales tax
Approval: County Council ordinance
Term: Indefinite
Relevant observations

Addressed Pittsburgh’s disproportionate financial burden with regard to support of regional assets.

Wide latitude on how to spend funds promoted stability and enhanced recipients’ private fundraising capacity.

Governing board oversees and helps develop performance standards for assets.

One of the few models of dedicated public funding for cultural facilities implemented without voter approval.
Denver 7-County Area

**Scientific & Cultural Facilities District**
- One-tenth-cent regional sales tax
- Approval: Voter referendum
- Term: Temporary, renewable

**Allocation**
- $45.7 million to 284 orgs in 3 funding tiers
- Set percentage, formula-based, annual competitive grants

**Eligible Use**
- Operating only (excl. debt service)
- Nonprofits and governmental units

**Funded Assets**
- Botany/zooology (26%)
- Dance, music, theater (25%)
- Natural history (19%)
- Visual art (18%)
- Multi-discipline (8%)
- Cultural history (4%)
Relevant observations

Regional approach spread financial responsibility and reduced amount of required sales tax.

Dependable public revenue facilitated ability of beneficiaries to raise private money for operations.

Creation of third tier promoted local control and helped units of local government.

Frequent debate over how funding should be distributed both within and across tiers.
### Cleveland Area

#### Cuyahoga Arts & Culture

- 30-cents-per-pack cigarette tax
- Approval: Voter referendum
- Term: Temporary, not renewable

#### Allocation

- $15.6 million to 196 organizations in 2 main grant programs
- General operating support
- Project support grants

#### Eligible Use

- Annual operating or project-based grants
- Nonprofits and governmental units

#### Funded Assets

- Arts services
- Dance, music, theater
- Visual and media art
- Nature and science
- Fairs and festivals
- Community education
- History
Relevant observations

Explicit goal to supplement existing public sources and private contributions.

Operating grants have stabilized fiscal health of arts organizations, particularly small and mid-sized.

Governing process emphasizes transparency and public participation.

Success at the polls attributed to exclusive focus on the arts, imposition of tax on minority of voters, limited and time-specific duration.
St. Louis City and County

Zoo Museum District

- Property tax: 26.8 cents per $100 assessed value
- Approval: Voter referendum
- Term: Indefinite

Allocation
- $74 million to 5 subdistricts
- Institutions receive mill rate, specified in statute

Eligible Use
- Unrestricted: Operating or capital expenditures allowable

Funded Assets
- St. Louis Zoo
- St. Louis Art Museum
- St. Louis Science Center
- Missouri Botanical Garden
- Missouri History Museum
Relevant observations

Transformational impact on member institutions, but extremely narrow reach.

Guarantee of free admission helped sell voters, but may have hindered non-member institutions.

Unrestricted funding has promoted both flexibility and stability.

Complicated, decentralized governance structure may lack accountability.
Lessons Learned from Other Regions

The debate in Milwaukee will go beyond the type and amount of tax. Other critical considerations include:

• Eligibility – Types of covered institutions/projects?
• Specificity – Statute, formula, or competitive grants?
• Time-frame – Ongoing or time-limited funding?
• Flexibility – Operations? Capital? Project-based?
• Governance – Special district? Regional or one-county?
Four Models

- **Oklahoma City MAPS model** – Limited-term sales tax to cash finance pre-selected capital improvement projects.

- **Allegheny County/Denver tiered sales tax model** – Permanent sales tax allocated to specific classifications of assets.

- **Cuyahoga County supplemental funding model** – Limited-term cigarette tax for competitive grants.

- **St. Louis County dedicated property tax model** – Ongoing dedicated mill rate on the property tax to support county institutions.