

HOUSE BILL REPORT

HB 2352

As Reported by House Committee On: Capital Budget

Title: An act relating to the building for the arts program.

Brief Description: Concerning the building for the arts program.

Sponsors: Representatives Tharinger, Fitzgibbon, Leavitt, Harris and Wylie.

Brief History:

Committee Activity:

Capital Budget: 1/23/20, 2/10/20 [DP].

Brief Summary of Bill

- Increases the maximum state match and the maximum amount of recommended state funding for the prioritized list of projects for the Building for the Arts Program.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 25 members: Representatives Tharinger, Chair; Callan, Vice Chair; Doglio, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Steele, Assistant Ranking Minority Member; Corry, Davis, Dye, Eslick, Gildon, Harris, Irwin, Jenkin, Leavitt, Lekanoff, Maycumber, Morgan, Pellicciotti, Peterson, Riccelli, Santos, Sells, Stonier and Walsh.

Staff: Kelci Karl-Robinson (786-7116).

Background:

The Building for the Arts Program (BFA) provides competitive grants to nonprofit organizations to acquire, construct, or rehabilitate performing arts, art museums, and cultural facilities. The Department of Commerce (Department) administers the BFA application process. Primary duties of the Department include project selection (with a citizen advisory committee); and managing the contracts for grants that are awarded. A ranked list of qualified projects, including descriptions, amount of state funds requested, and nonstate

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funding sources must be submitted to the Governor and Legislature biennially. The total amount of recommended state funding must not exceed \$12 million. The total amount of state capital funding available for BFA projects is determined by the capital budget. In the 2019-21 Capital Budget, \$12 million was appropriated for 14 projects.

The state match must not exceed 20 percent of the total cost of the BFA project. The nonstate portion of the project cost may include cash, the value of property and in-kind contributions.

The Department must include provisions in the contracts that require the capital improvements be held by the grantee for a specified period of time and that the facilities be used for the express purpose of the grant. If a grantee is found out of compliance, they must repay to the State General Fund the principal amount of the grant, plus interest.

Summary of Bill:

The maximum amount of state funding for the Building for the Arts Program (BFA) is increased from \$12 million to \$18 million for the prioritized list of performing arts, art museum projects, and cultural organization projects submitted by the Department of Commerce each biennium. The maximum state match for each individual project is increased from 20 percent to 33.33 percent of the total cost.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The intent is to make this program more accessible to more communities by increasing the amount available, but it does not require that the capital budget fund the maximum. The Building for the Arts Program (BFA) began in 1991 and was placed in statute in 1999 along with the required 80 percent match. Since the creation, the BFA has provided \$113 million for 241 projects in 29 counties. The BFA has been successful primarily due to the vetting done by the Department of Commerce (Department) and the BFA Commission. For the first time in six funding cycles, no projects from Eastern Washington or south of Pierce County applied to the BFA. Other capital programs have a lower match and the change in the match rate will allow smaller organizations to apply. A building will provide a long-term home for the performing arts and will create art sector job growth. The majority of the funding comes from private sources, yet the building is a public benefit. A United States Department of Commerce study found that arts and culture added \$35 billion to the economy. The funding from the BFA has invested in building infrastructure, state of the art theatrical technology, and energy efficiency. The BFA is critical to smaller communities

that do not have the same access to major private and corporate contributions. Washington ranks first in the country for the highest growth rate in the arts and culture industries. A performing arts center draws visitors to the town, generates economic revenue, increases jobs, and leads to private development. Rural counties that host performing arts organizations have greater population growth and higher resident incomes than other rural counties.

(Opposed) None.

Persons Testifying: Representative Tharinger, prime sponsor; David Foster; Jonathan Shakes, Youth Theatre Northwest; Jill Barnes, Washington Center for the Performing Arts; and Chris Fidler, Port Angeles Waterfront Center.

Persons Signed In To Testify But Not Testifying: None.