

ARTS FOR EVERYONE, EVERYWHERE IN CALIFORNIA



ISSUE BRIEF: **AB 1777 the Creative Industries Revitalization Act**

What is it?: AB 1777, a bill that will transfer 20% of the sales tax generated on arts related items (identified by the Board of Equalization) to the Creative Industries and Community Revitalization Fund administered by the California Arts Council (CAC) for arts programs in California's communities.

WHY INVEST IN THE ARTS?

To provide equal access to the arts for every citizen of California. With funding for the California Arts Council (CAC), people in every legislative district throughout the state will benefit from valuable programs offered by arts organizations. With increased government investment, meaningful programs that are often free or offered at a reduced price will continue to benefit every community.

To strengthen the economy of local communities and attract tourists to California. Nonprofit art organizations in California provide \$5.4 billion in economic activity annually, supporting more than 160,000 jobs and generating \$300 million in local and state revenue.

To renew and revitalize local downtown development. Cities such as Sacramento, Long Beach, San Diego, San Jose and Ventura have revived and rebuilt their downtowns by restoring old theaters, opening new storefront galleries and concert halls, and offering festivals and art walks that bring the community together in the downtown setting.

To enhance the quality of life for citizens. The arts preserve and enhance our cultural heritage, strengthen our sense of national, state and community identity, bring families closer together and make communities more desirable locations in which to live, work and raise a family.

To invest in local community groups and organizations. The CAC grants programs are designed to extend the state's resources to as many groups and individuals as possible, in order to reach and serve the rich diversity of California's communities. Since 2003, when the CAC budget was cut by 94%, the arts in California have been significantly under-funded.

California Arts Council Funding History* & Budget Comparison

FY00-01	FY01-02	FY02-03	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09
\$31,828,400	\$27,767,000	\$18,412,000	\$1,940,000	\$2,047,000	\$2,121,000	\$4,024,000	\$4,002,000	\$4,286,000

*Total state appropriations including Arts License Plate revenue. In 2008-09, the Arts License Plate is 60% of the CAC's budget. These figures do not include funding from the National Endowment for the Arts or other sources. Source: CAC and National Assembly of State Arts Agencies

BACKGROUND:

Since 2003, California has been 50th in the nation in public investment for the arts, spending three cents per capita for the arts from the state's General Fund. As an effort to refurbish the state's arts funding structure and return the CAC grants budget to previous levels, Assemblywoman Betty Karnette (D-Long Beach) introduced AB 1365 in 2007.

It would have redirected sales taxes charged in two, specific retail categories pertaining to arts, crafts and music. The following year, Ms. Karnette introduced AB 2728 to transfer the 20% sales tax from two specific retail categories with an amendment that provided for a trigger that to enact the transfer when there was a structural balance in the state budget. Both bills did not pass their house of origin. Last year Assembly Member Paul Krekorian, assistant majority leader of the State Assembly, introduced AB 700, the Creative Industries Revitalization Act to invest in arts programs that serve communities. The state legislature continues to be challenged by the current economic crisis. However, the arts sector, nonprofit and for profit is an economic driver in California that contributes significantly to state and local revenue. More funding for more arts for more people will bring more dollars to California.

IMPACT: It is estimated that a 20% transfer of sales tax from arts related items would generate **\$30 million annually.**
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