AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL No. 1777

Introduced by Assembly Member Portantino
(Coauthors: Assembly Members Blumenfield and Salas)
(Coauthors: Senators DeSaulnier and Liu)

February 9, 2010

An act to add Chapter 9.1 (commencing with Section 8758) to Division 1 of Title 2 of the Government Code, and to add Section 7101.2 to the Revenue and Taxation Code, relating to the arts.

LEGISLATIVE COUNSEL'S DIGEST

AB 1777, as amended, Portantino. Creative Industries and Community Economic Revitalization Act of 2010.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property, and requires that all revenues derived from that tax, except as provided, be deposited in the State Treasury to the credit of the Retail Sales Tax Fund. ~~Existing~~

Existing law establishes in state government the California Arts Council and imposes various duties on the council to foster arts development and to award grants and prizes to individuals and organizations in the arts, as provided.

This bill would establish the Creative Industries and Community Economic Revitalization Act of 2010, which would create, in the State Treasury, the Creative Industries and Community Economic Revitalization Fund.

The bill would require that 20% of all revenues derived from the payment of sales and use taxes that are remitted to the State Board of

Equalization by the taxpayers engaged in specified lines of business, as provided, be deposited in the fund. The council would be authorized to expend the moneys in the fund, upon appropriation by the Legislature, to issue grants pursuant to the act.

The bill would authorize a city, county, district, including, but not limited to, a regional park district, a joint powers authority, or a nonprofit arts organization deemed eligible by the council, to apply to the council for a local assistance program grant for organizational support. The council would be required, when issuing a grant, to encourage joint partnerships between applicants, and to submit an annual report to the Legislature that includes the status of each grant made pursuant to the act.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

SECTION 1. The Legislature finds and declares all of the following:

(a) Life in this state is enriched by art, innovation, and creativity.

(b) The source of art is in the natural flow of the human mind, but realizing craft and beauty is demanding, and the people of the state desire to encourage and nourish these skills wherever they occur, to the intrinsic and extrinsic benefit of all.

(c) Every dollar in state support for the arts leverages seven dollars ($7) in earned and contributed revenue.

(d) This state's cultural enterprises provide approximately 500,891 jobs for its residents, accounting for 7.6 percent of total employment.

(e) Nonprofit arts organizations contribute five billion four hundred thousand dollars ($5,000,400,000) to this state's economy *and generate three hundred million dollars ($300,000,000) in state and local taxes.*

(f) Nonprofit arts organizations help the state meet its obligations in the field of education by serving schoolchildren, college and university students, teachers, and adults through fieldtrips, assemblies, training, and outreach programs that enhance and strengthen instruction provided by the public sector.

~~(f)~~

(g) Nonprofit arts organizations are a partner to the creative industries, and play a key role in the 21st century workforce and the global economy, including in the fields of architecture, advertising, consulting, education, performing arts, museums, and other cultural industries, design, including electronic design, software development, film, games, including computer games, historic preservation, music, new media, publishing, radio and television, and tourism.

~~(g)~~

(h) An investment in the arts and the creative economy industries can revitalize a neighborhood or area by accomplishing all of the following:

(1) Stimulating the economy.

(2) Engaging residents.

(3) Drawing tourists.

(4) Providing a sense of community.

(5) Serving as a gathering place.

(6) Encouraging creativity.

(7) Strengthening community partnerships.

(8) Promoting the arts and supporting artists.

(9) Developing a positive image for the area.

(10) Enhancing property values.

(11) Capitalizing on local cultural, economic, and social assets.

(12) Creating jobs.

SEC. 2. Chapter 9.1 (commencing with Section 8758) is added to Division 1 of Title 2 of the Government Code, to read:

Chapter 9.1. Creative Industries and Community Economic Revitalization Act of 2010

8758. (a) For purposes of this chapter, the following definitions shall apply:

(1) “Council” means the California Arts Council established pursuant to Section 8751.

(2) “Fund” means the Creative Industries and Community Economic Revitalization Fund established pursuant to Section 8758.1.

(b) This chapter shall be known, and may be cited, as the Creative Industries and Community Economic Revitalization Act of 2010.

8758.1. (a) All revenues collected pursuant to Section 7101.2 of the Revenue and Taxation Code shall be deposited in the Creative Industries and Community Economic Revitalization Fund, which is hereby established in the State Treasury.

(b) Notwithstanding Section 8753.5, the money in the fund may be expended by the council, upon appropriation by the Legislature, to issue grants pursuant to this chapter.

8758.2. (a) A city, county, district, including, but not limited to, a regional park district, a joint powers authority, or a nonprofit arts organization deemed eligible by the council, may apply to the council for a local assistance program grant for organizational support.

(b) The council, when issuing a grant pursuant to this chapter, shall encourage joint partnerships between applicants to enhance investment of public resources to enable the growth of the creative economy in communities throughout the state.

(c) The council shall submit an annual report to the Legislature that includes the status of each grant made pursuant to this chapter.

SEC. 3. Section 7101.2 is added to the Revenue and Taxation Code, to read:

7101.2. Notwithstanding Section 7101, 20 percent of all revenues, less refunds, derived from the taxes imposed pursuant to Sections 6051 and 6201 and remitted to the board by the taxpayers identified in the board's records as engaged in those lines of business described in Codes 11 and 15 of the board's business classification coding system or Codes 451100, 453920, and 453998 of the North American Industry Classification System, provided that the board has fully implemented use of the North American Industry Classification System, which would otherwise be deposited in the General Fund, shall be deposited in the Creative Industries and Community Economic Revitalization Fund for purposes of implementing Chapter 9.1 (commencing with Section 8758) of Division 1 of Title 2 of the Government Code.

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