

**REPORT OF THE  
HJR 285 COMMISSION**

**Studying the Feasibility and  
Appropriateness of Creating  
Public-Private Partnerships  
for the Operation of Nonstate  
Museums and Other Educational  
and Cultural Entities**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 54**

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## **EXECUTIVE SUMMARY**

Adopted by the 2000 Session of the General Assembly, HJR 285 establishes a 10-member commission (five members of the House of Delegates, three members of the Senate, and two citizen members) to study the feasibility and appropriateness of creating public-private partnerships for the operation of nonstate museums and other educational and cultural entities in the Commonwealth.

In conducting its study, the commission is to examine:

- (i) public-private partnerships in other states;
- (ii) the feasibility and appropriateness of implementing any such partnerships in the Commonwealth on a pilot project basis;
- (iii) current state and nonstate museum funding and operational practices; and
- (iv) such other issues as it deems appropriate.

In addition, the commission may want to explore other concepts, such as any relevant constitutional, financial, and policy issues regarding the creation of "hybrid" public-private cultural entities through the transformation of existing private institutions or through the establishment of new entities; the governance and funding of existing public-private state entities in the Commonwealth; and appropriate revenue sources for nonstate or "hybrid" agencies. The commission is to complete its work in time to submit its written findings and recommendations to the Governor and the 2001 Session of the General Assembly.

### **STATE FUNDING FOR MUSEUMS: ENSURING ACCOUNTABILITY AND CONSISTENCY**

A variety of public sources supplement private donations to nonstate museums nationwide. Federal support may be derived indirectly through tax deductions and other benefits or directly through government agencies such as the National Endowment for the Arts (NEA). The states themselves model their support of these institutions similarly; tax deductions and appropriations--whether funneled through a state arts agency or directly to the institution--support countless private educational and cultural entities. Designated revenue streams provide additional stability for this funding in some states. In New Jersey, the Educational Research and Museum Development Act supports not only the development of public museums, but their nonprofit counterparts as well. The Colorado General Assembly authorized the creation of a special tax district in the Denver area and created a sales tax of 0.1 percent. Cultural trusts have been created in several states, including Missouri and Texas.

### **SUPPORTING NONSTATE CULTURAL AND EDUCATIONAL INSTITUTIONS IN VIRGINIA**

Virginia's longstanding commitment to supporting the multi-faceted missions of its educational and cultural institutions is evidenced by many legislative and executive branch initiatives spanning the past two decades. Direct appropriations to nonstate museums, legislative enactments and studies, tax credits and exemptions, and funding from the Virginia Commission for the Arts, as well as specific study initiatives, have supported the missions of many nonstate cultural and educational institutions.

The past decade has witnessed renewed interest in state support for Virginia's nonstate cultural entities at the legislative and executive branch levels. In 1992, the Governor's Task Force on Promotion of the Arts reaffirmed support for the Commission for the Arts, articulating a state-funding goal of \$1 per citizen for the Commission. In 1993, the General Assembly created a joint legislative study committee to "conduct a comprehensive study of educational museums and the appropriate level of public support to be provided to such institutions." (HJR 453). The study continued for two additional years, and its legislation creating the Virginia Educational and Cultural Entities Fund was carried over by the 1996 Session. Recommendations of a subsequent study committee were adopted in 1997, reaffirming the General Assembly's goal to appropriate one dollar per capita for the support of the Virginia Commission for the Arts and creating the Virginia Arts Foundation. Special license plates support this Foundation.

During the past 10 years, line item appropriations to nonstate agencies have continued to be a staple of the Commonwealth's budget. Appropriations to these entities must be supported by certification to the Secretary of Finance that cash or in-kind contributions are available to match equally all or part of the appropriation. This past Session, the General Assembly adopted a biennial budget appropriating \$33,989,834 in general funds to nonstate agencies in 2000-2002. With limited exceptions, these applicant organizations must provide matching funds in the form of cash or in-kind contributions.

#### **ISSUES FOR STUDY**

Examination of public-private partnerships for the operation of nonstate museums and other educational and cultural entities in the Commonwealth necessitates consideration of a plethora of fiscal and policy issues. Perhaps warranting particular consideration are the creation and operation of several unique public-private collaborations, such as the Center for Innovative Technology, a nonstock corporation whose creation was authorized by the Innovative Technology Authority Act. The corporation shall "not be deemed to be a state or governmental agency, advisory agency, public body or agency or instrumentality" for purposes of various state procurement, personnel, and other statutes. Also worthy of consideration is the model presented by the Virginia Tourism Authority, a political subdivision of the Commonwealth that is empowered to "enter into agreements with public or private entities that provide participating funding to establish and operate tourism centers, funded jointly by the entity and the Authority...." Whether exploring the acquisition of existing museums, the creation of "hybrid" entities, or other unique public-private ventures, the committee may wish to examine any state constitutional debt requirements that may be implicated. Further, the adequacy of current state funding levels for nonstate museums and for the Virginia Commission for the Arts and the designation of a specific revenue source for nonstate educational entities may merit committee consideration.

During its study, the Commission sought the input of nonstate as well as state agency museums to identify current effective partnerships, funding needs, and other issues. Admission fees, memberships, earned income, facility rentals, shop sales, and food service sales have supported many nonstate museums and cultural entities. A variety of public-private partnerships among Virginia's cultural and educational entities enhance these resources. A Virginia Association of Museums' survey conducted in 1999 (193 of 400 museums responding) indicated that public sources--federal, state, and local--accounted for about 26 percent of funding (\$61 million of \$235



million). Private individual, foundation, and corporate contributions added another 14 percent to museum coffers. Earned income accounted for 60 percent of total revenues.

Stability of revenue sources remains a concern for museums nationwide, as does the method of procuring public funds; some entities rely on funds from state re-granting agencies, while others may be able to secure budget appropriations through legislative requests. This duality has prompted concern among some entities that funds may be awarded not necessarily on the basis of need or merit, but upon the relative influence of the particular legislator. Other issues of concern are fairness of access, accountability for funds, and the challenge of maintaining public access to museum programs and services, while setting appropriate admissions fees.

The Commission also received testimony regarding collaborations between state agency and nonstate agency museums. State support for and collaborations with nonstate museums amplify the cultural and educational resources available to Virginians; for example, the work of nonstate science centers in the Tidewater and Roanoke areas and state entities in Richmond, Danville, and Martinsville allows the Science Museum of Virginia to address underserved areas in Northern Virginia, the Blue Ridge, and Bristol.

Funding fluctuations can cripple programming and contribute to staff attrition in state agency museums as well. Offered as suggestions for increasing accountability in museum funding were (i) using state museums as peer review agencies to assist in oversight and liaison efforts; (ii) distinguishing between annual, recurring state grants and one-time appropriations (possibly differentiating between funding for operations and funding for capital projects and identifying those entities relying on each type of grant); and (iii) considering how the particular nonstate entity requesting funds supports state initiatives, such as the Standards of Learning.

Other state support for nonstate museums is largely undocumented, but may include consulting services, joint programming, exhibit fabrication, educational materials, website hosting, and traveling exhibits. In Virginia, public-private collaborations include the Virginia Association of Museums, the Richmond Council of Museum Directors, the Virginia Aviation History Trail, and the Museums on the Boulevard (MOB)(Maymont, Virginia Museum of Fine Arts (VMFA), Virginia Historical Society, Virginia Department of Historic Resources, Children's Museum of Richmond, Science Museum of Virginia, and Lewis Ginter Botanical Garden). Commission discussion also focused on capping the state contribution to any nonstate agency operating budget to encourage continued diversification in funding sources and examining state policy regarding recurring applications.

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# **HJR 285 COMMISSION STUDYING THE FEASIBILITY AND APPROPRIATENESS OF CREATING PUBLIC-PRIVATE PARTNERSHIPS FOR THE OPERATION OF NONSTATE MUSEUMS AND OTHER EDUCATIONAL AND CULTURAL ENTITIES**

## **I. AUTHORITY AND STUDY OBJECTIVES**

Recognizing museums "not only as cultural and educational institutions, but also as catalysts for economic growth," the 2000 Session of the General Assembly adopted HJR 285, which states that museums and other cultural institutions "whether operated by government or private entities, enhance educational opportunities for all Virginians, promote community growth and economic development, and enrich the overall quality of life for citizens throughout Virginia." Acknowledging the need for adequate and stable funding to support the missions of nonstate educational and cultural institutions, HJR 285 establishes a 10-member commission (five members of the House of Delegates, three members of the Senate, and two citizen members) to study the feasibility and appropriateness of creating public-private partnerships for the operation of nonstate museums and other educational and cultural entities in the Commonwealth.

In conducting its study, the commission is to examine:

- (i) public-private partnerships in other states;
- (ii) the feasibility and appropriateness of implementing any such partnerships in the Commonwealth on a pilot project basis;
- (iii) current state and nonstate museum funding and operational practices; and
- (iv) such other issues as it deems appropriate.

In addition, the commission may want to explore other concepts, such as any relevant constitutional, financial, and policy issues regarding the creation of "hybrid" public-private cultural entities through the transformation of existing private institutions or through the establishment of new entities; the governance and funding of existing public-private state entities in the Commonwealth; and appropriate revenue sources for nonstate or "hybrid" agencies.

HJR 285 contemplates approximately five meetings to accomplish the work of the commission. The commission is to complete its work in time to submit its written findings and recommendations to the Governor and the 2001 Session of the General Assembly.

## **II. STATE FUNDING FOR MUSEUMS: ENSURING ACCOUNTABILITY AND CONSISTENCY**

A variety of public sources supplement private donations to nonstate museums nationwide. Federal support may be derived indirectly through tax deductions and other benefits or directly through government agencies such as the National Endowment for the Arts (NEA). The states themselves model their support of these institutions similarly; tax deductions and appropriations--whether funneled through a state arts agency or directly to the institution--support countless private

educational and cultural entities. Designated revenue streams provide additional stability for this funding in some states.<sup>1</sup>

The National Conference of State Legislatures reports that state appropriations to their respective state arts agencies totaled \$396.5 million in 2000, reflecting a 7.2 percent increase from the previous fiscal year. State appropriations comprised 87 percent of total state arts agency funding (\$455.7 million), with the remaining funds supplied by federal, nongovernmental, and other state sources. These "other" state sources may appear in the form of special license plate revenues, state cultural trusts, and "Percent for Art" initiatives. In addition, some states direct line-item appropriations through the state arts agency to specific entities. In fiscal year 2000, \$53.4 million supported 177 such directed line items in 23 states.<sup>2</sup>

One vehicle for accountability for museums and other cultural and educational institutions can be found in achieving accreditation by the American Association of Museums. Designed to promote the best practices and standards among museums as well as provide recognition, this 30-year-old accreditation process includes self-study and peer review components, and is open to entities as varied as art, science, and children's museums, historic sites, zoological parks, and other institutions. Eligible institutions must be not-for-profit entities or a part of a not-for-profit organization or governmental entity; they may receive private or public funding. The institutions must (i) be "essentially educational in nature"; (ii) have a "formally stated mission"; (iii) meet particular staffing and operating budget requirements; (iv) offer regular programs and exhibits " that use and interpret objects for the public according to accepted standards"; and (v) have programs of maintenance and care for exhibits and collections.

While the AAM accreditation process is a voluntary one and has no fixed standards for awarding accreditation, its guidelines incorporate examination of how well the particular entity meets its stated mission and whether its practices and standards are commensurate with those accepted in the field. Accreditation may be renewed upon review every 10 years.<sup>3</sup> Currently, about 750 institutions nationwide have attained AAM accreditation; in Virginia, 33 entities have achieved this recognition.<sup>4</sup>

Accountability and consistency in state funding for nonstate museums are evidenced in a number of states' initiatives. In New Jersey, the Educational Research and Museum Development Act supports not only the development of public museums, but their nonprofit counterparts as well. Expressing the legislature's finding that "it is in the interest of the citizens of the State of New Jersey to encourage the development of public and nonprofit museums and the loan and contribution of museum collections within the State to help preserve the heritage of the people of this State....," the statute empowers both the Department of Education and the Division of the State Museum to

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<sup>1</sup>Report of the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided Such Institutions (HJR 75), *House Document No. 63* at 3-5 (1995)[hereinafter referred to as HD 63].

<sup>2</sup>National Assembly of State Arts Agencies, *Legislative Appropriations Annual Survey Fiscal Year 2000* at 3, 6 (March 2000).

<sup>3</sup>American Association of Museums, *Museum Accreditation: Criteria and Characteristics* <<http://www.aam-us.org/webc&c.htm>>(updated January 27, 2000).

<sup>4</sup>American Association of Museums, *Accreditation: General Program Information and Frequently Asked Questions* <<http://www.aam-us.org/accredproginfo.htm>>(updated July 17, 2000); American Association of Museums, *AAM Accreditation Program* <<http://www.aam-us.org/whoaccred.htm>>(updated September 20, 2000).

"cooperate and assist" public and nonprofit entities "within the limits of available appropriations and resources...." These two entities, together with the Division of Research, Planning and Evaluation, are authorized to encourage the development of public as well as nonprofit museums, which may include not only museum facilities, collections, and activities, but also "scientific and educational research, library, workshops, museum shops and museum promotion."

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## **Virginia Entities Accredited by the American Association of Museums**

As of June 2000

(Total: 33 entities)

Art Museum of Western Virginia, Roanoke  
Belmont, The Gari Melchers Estate and Memorial Gallery, Mary Washington College, Fredericksburg  
Carlyle House Historic Park, Northern Virginia Regional Park Authority, Alexandria  
Chrysler Museum, Norfolk  
Colonial Williamsburg Foundation: Abby Aldrich Rockefeller Folk Art Center, Bassett Hall, Carter's Grove,  
Colonial Williamsburg Historic District, DeWitt Wallace Decorative Arts Gallery, Winthrop Rockefeller  
Archaeology Museum), Williamsburg  
Fairfax County Park Authority: Colvin Run & Sully Plantation, Fairfax  
Fort Ward Museum, Office of Historic Alexandria, Alexandria  
Fredericksburg Area Museum and Cultural Center, Fredericksburg  
Gadsby's Tavern, Office of Historic Alexandria, Alexandria  
Gunston Hall, Mason Neck  
Hall of Valor Civil War Museum, New Market Battlefield State Historical Park, New Market  
Jamestown-Yorktown Foundation Museum, Williamsburg  
Kenmore Plantation & Gardens, Kenmore Association, Inc., Fredericksburg  
The Lyceum, Office of Historic Alexandria, Alexandria  
The Mariners' Museum, Newport News  
Muscarelle Museum of Art, Williamsburg  
Peninsula Fine Arts Center, Newport News  
Science Museum of Virginia including the Virginia Aviation Museum, Richmond  
U.S. Army Quartermaster Museum, Fort Lee  
The Valentine Museum, Richmond  
Virginia Historical Society, Richmond  
Virginia Living Museum, Newport News  
Virginia Museum of Fine Arts, Richmond  
Virginia Museum of Natural History, Martinsville  
Virginia War Museum, Newport News  
Wilton House Museum, Colonial Dames of America, Inc., Richmond  
Woodrow Wilson Birthplace, Staunton

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American Association of Museums, AAM Accreditation Program <<http://www.aam-us.org/whoaccred.htm>>

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The Act incorporates accountability for this public support and assistance, as the state may enter into agreements "providing for the cooperation and assistance of the department and the division with any public or nonprofit agency, foundation or organization engaging in some or all of the activities set forth in ... this act." Any financial assistance is contingent upon an appropriation "or other available resources." Finally, the Act permits the state to actually "acquire" a museum or

museum activity with approval by the commissioner and the Governor. Interestingly, the statute does not contemplate legislative approval for any such acquisition.<sup>5</sup>

In addition, local school boards in New Jersey are statutorily authorized to "provide by contract and appropriate funds for the support and maintenance of existing museum facilities and services for the educational or recreational use and benefit of pupils in the public schools." The statute specifies that these museum facilities and services may include "exhibition in a museum building or elsewhere of subjects of natural, historical, educational, scientific, industrial or cultural nature; operation of arts, crafts and other hobby workshops; conduct of field trips and other projects of an educational or recreational nature and provision for the personal services required in connection with any of the foregoing."<sup>6</sup> Localities enjoy the same contractual and fiscal authority.<sup>7</sup>

Having determined that "the scientific and cultural facilities ... are a rich source of knowledge and inspiration to all of the residents of the state, that the preservation and development of such facilities are vital to the cultural and intellectual life of the state, that ... [these] facilities are an important factor to the economic well-being of the state, [and] that economic development and tourism are needed to maintain and to promote such facilities," the Colorado General Assembly authorized the creation of scientific and cultural facilities districts.<sup>8</sup> The statute describes a "cultural facility" as a nonprofit entity "having as its primary purpose the advancement and preservation of art, music, theater, or dance" and units of local government responsible for the promotion of the arts. Specifically excluded from the definition, however, are state agencies, educational institutions, radio and television stations, cable communications systems, and newspapers and magazines.<sup>9</sup>

Modeled after a St. Louis, Missouri, district, the Colorado initiative established a special tax district in the Denver area and created a sales tax of 0.1 percent. Distribution of this designated revenue source is determined by "tiers" of organizations, characterized by size. The greatest portion of these revenues--65 percent--support the Denver Natural History Museum, Denver Art Museum, Denver Zoo, and the Botanic Gardens. Receiving 25 percent are "Tier II" entities--those cultural institutions with annual operating budgets greater than \$700,000. The participating counties collected the remainder for dissemination to smaller entities, such as local art centers and theaters. Voters overwhelmingly approved the tax in 1988, subsequently renewing the measure in 1994 through 2006.<sup>10</sup>

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<sup>5</sup>New Jersey Perm. Stat. 18A:73-44 et seq. <[http://www.njleg.state.nj.us/cgi-bin/om\\_isapi.dll?Depth=2&advquery=museum&depth=4&expandheadings=on&headingswithhits=on&hitsperheading=on&infobase=statutes.nfo&record={8399}&softpage=Doc\\_Frame\\_PG42&wordsaroundhits=10&x=61&y=14&zz=>](http://www.njleg.state.nj.us/cgi-bin/om_isapi.dll?Depth=2&advquery=museum&depth=4&expandheadings=on&headingswithhits=on&hitsperheading=on&infobase=statutes.nfo&record={8399}&softpage=Doc_Frame_PG42&wordsaroundhits=10&x=61&y=14&zz=>)

<sup>6</sup>New Jersey Permanent Statutes 18A:53-1 et seq. <[http://www.njleg.state.nj.us/cgi-bin/om\\_isapi.dll?Depth=2&advquery=museum&depth=4&expandheadings=on&headingswithhits=on&hitsperheading=on&infobase=statutes.nfo&record={78F7}&softpage=Doc\\_Frame\\_PG42&wordsaroundhits=10&x=61&y=14&zz=>](http://www.njleg.state.nj.us/cgi-bin/om_isapi.dll?Depth=2&advquery=museum&depth=4&expandheadings=on&headingswithhits=on&hitsperheading=on&infobase=statutes.nfo&record={78F7}&softpage=Doc_Frame_PG42&wordsaroundhits=10&x=61&y=14&zz=>)

<sup>7</sup>New Jersey Perm. Statutes 40:23-6.22. et seq. <[http://www.njleg.state.nj.us/cgi-bin/om\\_isapi.dll?Depth=2&advquery=museum&depth=4&expandheadings=on&headingswithhits=on&hitsperheading=on&infobase=statutes.nfo&record={78F7}&softpage=Doc\\_Frame\\_PG42&wordsaroundhits=10&x=61&y=14&zz=>](http://www.njleg.state.nj.us/cgi-bin/om_isapi.dll?Depth=2&advquery=museum&depth=4&expandheadings=on&headingswithhits=on&hitsperheading=on&infobase=statutes.nfo&record={78F7}&softpage=Doc_Frame_PG42&wordsaroundhits=10&x=61&y=14&zz=>)

<sup>8</sup>Col. Rev. Stat. 32-13-102 <<http://www.leg.state.co.us/inetcrs.nsf/caff08b8a0e34035872565e8006d65f8/3163074679946dcc8725665d004731b7?OpenDocument>>

<sup>9</sup>Col. Rev. Stat. 32-13-103 <<http://www.leg.state.co.us/inetcrs.nsf/caff08b8a0e34035872565e8006d65f8/89d9ef059444f41b8725665d004731c0?OpenDocument>>

<sup>10</sup>National Conference of State Legislatures, *Creative Solutions for Funding for the Arts*, at 24-25 (1995)[hereinafter referred to as NCSL].

Cultural trusts have been created in several states. Created in 1993, the Missouri Cultural Trust is funded by 50 percent of state income taxes paid by nonresident performers and athletes working in the state. The fund is designed to provide "seed money" to attract private donations, and will support the Missouri Arts. The state set a goal of \$200 million for the fund in 10 years; ultimately, the Arts Council plans to remain a state agency, but be "self-sufficient." Also created in 1993 was the Texas Cultural Endowment Fund, supported by an initial appropriation of \$2.2 million, special license plate fees, and a joint committee examining a designated revenue stream. Subsequently, a portion of hotel and motel taxes was earmarked for the Fund, and a corporate partnership with Alamo Rent A Car Company has been created. Similar to the Missouri initiative, the Texas program also plans to become financially self-sufficient by attaining a \$200 million funding goal by 2005. Other methods of supporting museums in sister states include corporate filing fees, income tax check-offs, bond issues, and lottery funds.<sup>11</sup>

### III. SUPPORTING NONSTATE CULTURAL AND EDUCATIONAL INSTITUTIONS IN VIRGINIA

The Commonwealth is home to approximately 400 art, science, and children's museums. These entities attract tourists to Virginia, educate students, promote economic development, enhance and enrich cultural and educational activities and the quality of life in the Commonwealth. Relying on federal, state, and private funds, these entities have encountered numerous fiscal challenges as the state and national economies shift. Sources of adequate and stable funding remain a primary concern for these entities.<sup>12</sup>

Virginia's longstanding commitment to supporting the multifaceted missions of its educational and cultural institutions is evidenced by many legislative and executive branch initiatives spanning the past two decades. Direct appropriations to nonstate museums, legislative enactments and studies, tax credits and exemptions, and funding from the Virginia Commission for the Arts, as well as specific study initiatives, have supported the missions of many nonstate cultural and educational institutions (see State Funding for Museums: Direct and Indirect Support, below).

The Virginia Commission for the Arts provides state and NEA funds to artists and arts organizations (see excerpt below). In June 2000, the Commission approved \$4.1 million in grant awards to various arts organizations, schools, and localities.<sup>13</sup> The 2000 Appropriation Act provided the Commission \$4,690,174 and \$4,890,359 in general funds the first and second years of the biennium, respectively.<sup>14</sup>

Considered only in even-numbered years, requests for state appropriations by nonstate agencies must comport with a specific process detailed in the Code of Virginia. Defined to include "any public or private foundation, authority, institute, museum, corporation or similar organization which is not a unit of state government or a political subdivision of the Commonwealth as established by general law or special act," nonstate agencies do not include those entities receiving

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<sup>11</sup>*Id.* at 15, 16; 17-21.

<sup>12</sup>Report of the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided Such Institutions (HJR 75), *House Document No. 63* at 6-7 (1995)[hereinafter referred to as HD 63].

<sup>13</sup>Virginia Commission for the Arts, *Introduction* <<http://www.artswire.org/~vacomm/introduction.htm>>; *Art Grants Announced* <<http://www.artswire.org/~vacomm/gntprs01.htm>>

<sup>14</sup>2000 Acts of Assembly, c. 1073, § 1-75, Item 259.

state funds as "a subgrantee of a state agency or through a state grant-in-aid program authorized by law."<sup>15</sup> The nonstate entity must (i) file a request for state aid with the Department of Planning and Budget (DPB); (ii) certify to DPB that matching funds are available from local or private sources in amounts equal to the funds requested; and (iii) provide documentation of federal tax exempt status.<sup>16</sup> The Appropriations Act provides that matching funds may be in-kind or cash contributions; occasionally the budget will waive the matching fund requirement for specific entities.<sup>17</sup>

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## State Funding for Museums: Direct and Indirect Support

Reprinted from the Report of the Joint Subcommittee Studying educational Museums and the Appropriate Level of Public Support to be Provided Such Institutions (HJR 75), *House Document No. 63* at 7-9 (1995). See original text for footnotes.

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The role of the General Assembly in supporting museums and arts organizations has been described as that of "catalyst, helping to augment and strengthen private and local support of the arts." Consistent with this characterization, the Commonwealth supplies direct and indirect funding for these organizations that recognizes that "the arts are healthier when open to diverse influences and not financially dependent on any single source of support."

Like the federal government, the Commonwealth provides indirect funding for museums through a variety of tax deductions and exemptions. Specific property tax exemptions for public and private museums are based on Article X, § 6(a)(6) of the Virginia Constitution, which provides a clear exemption for property owned directly or indirectly by the Commonwealth or its political subdivisions. In addition, the section authorizes the General Assembly to provide tax exemptions for property "used by its owner for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes, as may be provided by classification or designation by a three-fourths vote of the members elected to each house of the General Assembly and subject to such restrictions and conditions as may be prescribed." Echoing this constitutional authority are statutory provisions in Title 58.1 that specify exemptions not only for government-owned property, but also the for property of any nonprofit corporation "organized to establish and maintain a museum." Donations to these organizations are also exempt from Virginia income taxation, to the extent these same donations are exempt or deductible from federal income taxation.

In addition, certain designated museums are granted exemptions from state retail sales and use taxes. Established in 1966, the state retail sales and use tax originally included 22 exemptions, none of which benefited cultural organizations; today, that number has more than quintupled. Specific exemptions are now narrowly construed to address certain cultural organizations, effectively providing a government subsidy for various entities. Sales and use tax exemptions for cultural organizations are available in 45 states; 12 states offer specific, narrow exemptions, 12 offer different eligibility criteria, and 21 provide "blanket" exemptions....

Direct funding for Virginia's museums--whether publicly or privately operated--is typically supplied through direct legislative appropriations or the 13-member Virginia Commission for the Arts, a state re-granting agency established in 1968 as the Virginia Commission of the Arts and Humanities. Statutorily directed to "stimulate and encourage throughout the Commonwealth growth in artistic quality and excellence," the Commission is empowered to provide funding for recognized nonprofit arts organizations and to apply for federal aid for the arts. The Commission is also authorized to provide incentives for local governments to encourage public support and funding for the arts. Previously within the jurisdiction of the Secretary of Education, the Commission for the Arts is now included among those state agencies for which the Secretary of Commerce and Trade is responsible.

Citing the "expansive growth" in the arts in Virginia prompted by the Commission, the Governor's Task Force on the Arts urged the General Assembly in 1992 to "be specific about the state role in support of the arts." While the legislature has articulated a goal of an annual general fund appropriation for the Commission of \$1 per capita, limited fiscal resources might delay the realization of such a goal....

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<sup>15</sup>Va. Code § 2.1-394.1 (2000 Supp.).

<sup>16</sup>*Id.* Pursuant to § 2.1-394.1 A2, the matching funds must "be concurrent with the purpose for which state funds are requested"; monies received and spent prior to the state grant may not be applied to the required match.

<sup>17</sup>2000 Acts of Assembly, c. 1073, §§ 4-5.07; 1-142, Item 571.



ii. In addition to providing direct appropriations to these nonstate entities, the Commonwealth also funds the maintenance of certain designated Confederate graves and cemeteries through the Department of Historic Resources.<sup>18</sup> The Department also funds a number of historical societies and museums; this funding is contingent upon certification to the Department that local or private matching funds or in-kind contributions are available in amounts equal to any state appropriation. Other historical societies, museums, or local governments seeking an appropriation for the maintenance of collections or exhibits must also follow a detailed budget request process.<sup>19</sup>

The past decade has witnessed renewed interest in state support for Virginia's nonstate cultural entities at the legislative and executive branch levels. In 1992, the Governor's Task Force on Promotion of the Arts reaffirmed support for the Commission for the Arts, articulating a state-funding goal of \$1 per citizen for the Commission. Noting that "the arts are healthier when open to diverse influences and not financially dependent on any single source of support," the Governor's Task Force cited the need for clarifying the Commonwealth's role in supporting the arts, especially when state resources are limited.<sup>20</sup>

s In 1993, the General Assembly created a nine-member joint legislative study committee to "conduct a comprehensive study of educational museums and the appropriate level of public support to be provided to such institutions." HJR 453 (Thomas) noted that "worthy educational museums in the Commonwealth, such as the Chrysler Museum, the Center in the Square, the Virginia Living Museum, and the Science Museum of Western Virginia, need to be assured of consistent, predictable funding to carry their missions...." The subcommittee was to "develop and recommend criteria for eligibility for receipt of public funds and guidelines, if any, to be used in establishing state appropriations." Also to be considered were "[w]ays in which the Commonwealth might encourage and promote the arts...."

After completing one year of study, the HJR 453 Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided Such Institutions submitted, and the 1994 Session of the General Assembly passed, HJR 37 (Thomas), acknowledging the contributions of nonstate cultural, scientific, and educational museums to the Commonwealth and the need to provide consistent and equitable state funding for these institutions.

The 1994 Session continued the work of the joint subcommittee by passing HJR 75, directing the group to review, among other things: nonstate museum access to other funding sources, such as federal, local, and private funds; museum funding mechanisms, such as special taxes or contributions, employed in other states; and funding guidelines employed by the Virginia Commission for the Arts and other entities as the Joint Subcommittee may deem appropriate.

The joint subcommittee's work was continued by the 1995 Session. Pursuant to HJR 75 (Thomas), the joint subcommittee was specifically charged to monitor the implementation of its

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<sup>18</sup>Report of the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided Such Institutions (HJR 430), *House Document No. 70* at 3, 4 (1996); Va. Code § 10.1-2211 (2000 Supp.).

<sup>19</sup>Report of the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided Such Institutions (HJR 75), *House Document No. 63* at 6, 14 (1995); *see also*, Va. Code §§ 10.1-2212, 10.1-2213 (2000 Supp.).

2 <sup>20</sup>Report of the Virginia Commission for the Arts on the Governor's Task Force on Promotion of the Arts, *House Document No. 3* at 5 (1992).

the biennium. Six entities received funding as arts organizations, 11 as museums, and four organizations, including the Virginia Horse Center, as "other services."<sup>26</sup>

Funding for nonstate agencies was revived in the 1994-1996 budget, as the 1994 Session earmarked \$4,616,439 and \$3,488,389 in each year for these institutions. Funding was allocated for eight arts entities, 24 museums, and six entities as "other services." These amounts remained unchanged by the 1995 Session.<sup>27</sup>

The 1996-1997 budget included \$7,096,056 and \$4,068,956 in each year to supported nonstate agencies. Named in the budget were 11 entities categorized for financial aid to the arts, 27 organizations tapped for museum financial assistance, and 16 entities receiving aid pursuant to "other services."<sup>28</sup> Modifications by the 1997 Session increased appropriations to \$7,226,056 in the first year and \$9,016,710 in the second year. In addition, the budget added several recipients, as 16 organizations were supported by "financial assistance to the arts," 31 entities by "financial assistance to museums," and 28 by the subprogram "other services."<sup>29</sup>

The 1998 budget reflected a dramatic increase in appropriations of general fund dollars to nonstate agencies, allocating \$28,867,700 in the first year of the biennium and \$17,675,558 in the second.<sup>30</sup> In 1999, the General Assembly revised these appropriations to \$28,912,700, and \$33,730,688, respectively, and included several line-item vetoes by the Governor.<sup>31</sup>

#### State Appropriations to Nonstate Agencies in Virginia

	1st year of biennium	2nd year of biennium	Number of Nonstate Agencies Served
1990	\$ 3,679,350	\$ 3,043,100	30
1991	2,707,640	--	
1992	0	0	0
1993	0	2,324,025	21
1994	4,616,439	3,488,389	38
1995	4,616,439	3,488,389	38
1996	7,096,056	7,096,056	54
1997	7,226,056	9,016,710	75
1998	28,867,700	17,675,558	est. more than 100 (combined historic landmarks and nonstate agencies)
1999	28,912,700	33,730,688	est. more than 100 (combined historic landmarks and nonstate agencies)
2000	33,989,834	0	est. more than 200 (combined historic landmarks and nonstate agencies)
2001	?	?	?

<sup>26</sup>1992 Acts of Assembly, c. 893; 1993 Acts of Assembly, c. 994, § 1-129, Item 606.

<sup>27</sup>1994 Acts of Assembly, c. 966, § 1-130, Item 644; 1995 Acts of Assembly, c. 853, § 1-130, Item 644.

<sup>28</sup>1996 Acts of Assembly, c. 912, § 1-133, Item 552.

<sup>29</sup>1997 Acts of Assembly, c. 924, § 1-107, Item 552.

<sup>30</sup>1998 Acts of Assembly, c. 464, § 1-136, Item 572.

<sup>31</sup>1999 Acts of Assembly, c. 935, § 1-136, Item 572.

This past Session, the General Assembly adopted a biennial budget appropriating \$33,989,834 in general funds to nonstate agencies in 2000-2002. Administered by the Department of Historic Resources, these grants are contingent upon submission of an application by the particular entity indicating whether the funds will support capital costs or operations. With limited exceptions, these applicant organizations must provide matching funds in the form of cash or in-kind contributions.<sup>32</sup>

#### IV. ISSUES FOR STUDY

Examination of public-private partnerships for the operation of nonstate museums and other educational and cultural entities in the Commonwealth necessitates consideration of a plethora of fiscal and policy issues. Perhaps warranting particular consideration are the creation and operation of several unique public-private collaborations, such as the Center for Innovative Technology, a nonstock corporation whose creation was authorized by the Innovative Technology Authority Act. Empowering the Governor to "provide for the formation of a nonstock corporation," the Act specifies that this entity shares its board of directors with the Innovative Technology Authority. The corporation shall "not be deemed to be a state or governmental agency, advisory agency, public body or agency or instrumentality" for purposes of the Virginia Personnel Act, certain state auditing, treasury, and investing requirements, the Virginia Freedom of Information Act, the Privacy Protection Act, the Conflict of Interests Act, the Virginia Public Procurement Act, and the Virginia Retirement System. Nonetheless, the Auditor of Public Accounts is to annually audit Authority and CIT accounts. The nonstock corporation is also described as "an entity receiving state funds" and an institution of higher education for purposes of receiving property and funding from localities and obtaining state appropriations unaffected by any endowment funds.<sup>33</sup> The 2000 Appropriation Act allocated \$12,826,927 and \$13,783,415 in each year of the biennium to the Authority; the Authority may transfer these funds to CIT "for realizing the statutory purposes of the Authority, by contracting with governmental and private entities...." <sup>34</sup>

Also worthy of consideration is the model presented by the Virginia Tourism Authority, a political subdivision of the Commonwealth that is empowered to "enter into agreements with public or private entities that provide participating funding to establish and operate tourism centers, funded jointly by the entity and the Authority..." and to "do business" as the Virginia Tourism Corporation.<sup>35</sup> Whether exploring the acquisition of existing museums, the creation of "hybrid" entities, or other unique public-private ventures, the committee may wish to examine any state constitutional debt requirements that may be implicated. Further, the adequacy of current state funding levels for nonstate museums and for the Virginia Commission for the Arts and the designation of a specific revenue source for nonstate educational entities may merit committee consideration.

During its study, the Commission sought the input of nonstate as well as state agency museums to identify current effective partnerships, funding needs, and other issues. Acknowledging that nonstate museums and other cultural and educational entities must find "funding for operations

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<sup>32</sup>2000 Acts of Assembly, c. 1073, § 7; § 1-142, Item 571.

<sup>33</sup>Va. Code § 9-263 (1998 and 2000 Supp.).

<sup>34</sup>2000 Acts of Assembly, c. 1073, § 1-125, Item 504.

<sup>35</sup>Va. Code §§ 2.1-548.56; 2.1-548.59 (2000 Supp.).

as well as capital projects ... from diverse sources," the Virginia Association of Museums noted that admission fees, memberships, earned income, facility rentals, shop sales, and food service sales have supported many museums. A variety of public-private partnerships among Virginia's cultural and educational entities enhance these resources. Typically emphasizing marketing or promotion, these ventures include the Revolutionary Fun Pass offered by Colonial Williamsburg, the Jamestown-Yorktown Foundations, Busch Gardens, and Water Country; the Richmond Pass, and the Museums on the Boulevard (MOB) in Richmond. Another unique partnership involves Phillip Morris and the City of Henricus; Phillip Morris employees may assist Henricus, a part of Chesterfield County government, in recreating and building 17th-century buildings. TimeTravelers, supported by state and private funds, encourages school-age children to use a "passport" to collect stamps from six museums or historic sites. The completed passport entitles the child to a special T-shirt and certificate from the Governor. Lauded by educators as well as families and private organizations, the initiative has received the Governor's Virginia Award for Outstanding Business and Education Partnerships.

Sister states offer similar innovative partnership models. The Please Touch Museum in Philadelphia and FAO Schwartz are collaborating in the development of a children's museum. The Pennsylvania Historical and Museum Commission has joined various railroad museums and AMTRAK to promote the state's rail history. In Arizona, several educational and cultural efforts are jointly operated by state agencies and nonprofit organizations; among these efforts are a museum with an onsite senior living center and charter school and a museum owned by a locality but operated by a private entity. Similar educational partnerships have been explored and implemented in Michigan, Maryland, and California. In Florida, the Museum of Science and Industry has built a public elementary school on the nearby University of South Florida campus. Also in this museum are a public library branch and a HEADSTART program. A charter school for middle school grades is also in development.

A Virginia Association of Museums' survey conducted in 1999 (193 of 400 museums responding) indicated that public sources--federal, state, and local--accounted for about 26 percent of funding (\$61 million of \$235 million). Private individual, foundation, and corporate contributions added another 14 percent to museum coffers. Earned income accounted for 60 percent of total revenues.

According to testimony from the Virginia Association of Museums, stability of revenue sources remains a concern for museums nationwide, as does the method of procuring public funds; some entities rely on funds from state re-granting agencies, while others may be able to secure budget appropriations through legislative requests. This duality has prompted concern among some entities that funds may be awarded not necessarily on the basis of need or merit, but upon the relative influence of the particular legislator. Fairness of access and accountability for funds received were cited as key considerations in examining how to fund nonstate agency museums. The challenge of maintaining public access to museum programs and services, while setting appropriate admissions fees, was also noted.

Dr. Walter R. T. Witschey, Director, Science Museum of Virginia and Chairman, Museums on the Boulevard, also shared perspectives with the Commission regarding collaborations between state agency and nonstate agency museums. Noting that state support for and collaborations with

nonstate museums amplify the cultural and educational resources available to Virginians, Dr. Witschey stated that the work of nonstate science centers in the Tidewater and Roanoke areas and state entities in Richmond, Danville, and Martinsville, allows the Science Museum of Virginia to address underserved areas in Northern Virginia, the Blue Ridge, and Bristol.

Echoing the need for stability in operating funds, Dr. Witschey noted that funding fluctuations can cripple programming and contribute to staff attrition. Offered as suggestions for increasing accountability in museum funding were (i) using state museums as peer review agencies to assist in oversight and liaison efforts; (ii) distinguishing between annual, recurring state grants and one-time appropriations (possibly differentiating between funding for operations and funding for capital projects and identifying those entities relying on each type of grant); and (iii) considering how the particular nonstate entity requesting funds supports state initiatives, such as the Standards of Learning.

Other state support for nonstate museums is largely undocumented, but may include consulting services, joint programming, exhibit fabrication, educational materials, website hosting, and traveling exhibits. In Virginia, public-private collaborations include the Virginia Association of Museums, the Richmond Council of Museum Directors, the Virginia Aviation History Trail, and the Museums on the Boulevard (MOB)(Maymont, Virginia Museum of Fine Arts (VMFA), Virginia Historical Society, Virginia Department of Historic Resources, Children's Museum of Richmond, Science Museum of Virginia, and Lewis Ginter Botanical Garden). A recent MOB collaboration includes the Egypt exhibits: the Splendors of Egypt at VMFA; the Mysteries of Egypt at the Science Museum; Egyptian plants and displays at Lewis Ginter Botanical Garden, and Egyptian Influences in Richmond at the Valentine Museum. The American Society of Landscape Architects has also joined with MOB to produce a Vision for the Boulevard, a redevelopment initiative. Another initiative involving Virginia is the Aviation History Trail, designed to run from Kitty Hawk, North Carolina, to the National Aviation Museum.

Commission discussion also focused on capping the state contribution to any nonstate agency operating budget to encourage continued diversification in funding sources and examining state policy regarding recurring applications.<sup>36</sup>

Respectfully submitted,

Delegate Ward L. Armstrong, *chairman*  
Delegate Vincent F. Callahan, Jr., *vice-chairman*  
Delegate Harry R. Purkey  
Delegate Anne G. Rhodes  
Delegate Marian Van Landingham  
Senator Charles J. Colgan  
Senator Martin E. Williams  
Senator John S. Edwards  
Kevin Grogan  
Margaret W. McKee\*

\*disapproves report

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<sup>36</sup>Meeting summary, HJR 285 Commission meeting, October 30, 2000.

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## Nonstate Agencies: 2000-2002 Biennium Budget--§ 1-142, Item 571

Appropriations are for first year of biennium only; no entity received an appropriation for the second year.

Entity	Appropriation
1908 Grayson County Courthouse	\$25,000
Alliance to Conserve Old Richmond Neighborhoods	25,000
Allman-Archer House	15,000
Amazement Square	150,000
Amherst County Museum and Historical Society 40,000	40,000
Appalachia Cultural Arts Center, Inc.	30,000
Appalachian Traditions (County of Wise)	25,000
Art Museum of Western Virginia	325,000
Association for the Preservation of Va. Antiquities	2,000,000
Avoca	50,000
Barksdale Theater	100,000
Barns at Franklin Park, Inc.	25,000
Barter Theater	300,000
Beacon Theater (Hopewell Preservation, Inc)	125,000
Bear Mtn. Indian Mission Schoolhouse (Monacan Ind. Nation, Inc.)	69,000
Belle Grove Plantation	65,000
Ben Lomond	50,000
Black History Museum and Cultural Center	140,000
Black Women United for Action	115,000
Blackfriars Theatre (Shenandoah Shakespeare Center)	450,000
Blandford Church	45,000
Blue Ridge Institute, Inc.	75,000
Boykins Tavern (Isle of Wight County)	75,000
Camp Baker	100,000
Camp Virginia Jaycee, Inc.	50,000
Campostella Square Community Center (City of Chesapeake)	235,000
Cape Charles Museum (Cape Charles Historical Soc.)	65,000
Carpenter Center for the Performing Arts	1,000,000
Center in the Square (Western Va. Fd for Arts & Sciences)	600,000
Central High Museum	25,000
Chesapeake Museum	100,000
Children's Advocacy Center of Bristol/Washington County	50,000
Children's Museum of Richmond	550,000
Children's Museum of Virginia (City of Portsmouth)	200,000
Chincoteague Visitor Center	250,000
Chrysler Museum	400,000
Clarendon/Maury Building (Arlington Arts Center)	100,000
Classika Theater of Arlington	25,000
Coal Miners Memorial (County of Russell)	25,000
Colonial Williamsburg Foundation	400,000
Contemporary Arts Center	125,000
Council for America's First Freedom	300,000
Crab Orchard Museum and Pioneer Park, Inc.	75,000
Crispus Attucks Theater	100,000
CSX Train Station (City of Suffolk)	100,000
Cultural Arts Center at Glen Allen	75,000
Dan River Alliance for the Arts	50,000
Danville Area Association for Arts & Humanities	35,000
Danville Museum of Fine Arts & History	50,000
Dinwiddie Courthouse	100,000
Discovery of Flight Foundation	50,000
DOVES, Inc.	75,000
Downing-Gross Cultural Arts & Community Center (Newport News)	100,000
Elegba Folklore Society	25,000
Essex County Old Debtor's Prison and Old Clerk's Office	17,500
Explore Park (Virginia Recreational Facilities Authority)	300,000
F.O.R. Kids	10,000
Fairfax Partnership for Youth	50,000
Fairfax Public Law Library (Library of Virginia)	89,566
Fluvanna County Sheriff's Office	50,000
Fluvanna Heritage Trail (Fluvanna County Historical Society)	20,000
Frederick County Courthouse (County of Frederick)	150,000
Fredericksburg Area Museum & Cultural Center	25,000
Freedom Museum, Inc.	175,000
George C. Marshall Museum (George C. Marshall Fd)	150,000



George Washington's Tents	162,500
Giles County Historical Museum	25,000
Glass Glen Burnie Museum	350,000
Gloucester 350th Anniversary Committee	30,000
Goochland County Library	100,000
Governor Albertis S. Harrison Legacy Project	100,000
Greene County Library and Senior Center	50,000
Hampton History Museum	300,000
Hand Workshop Art Center	25,000
Hanover County Black Heritage Society	25,000
Harrison Museum	75,000
Henricus Foundation	200,000
Hemdon Veterans' Memorial	50,000
Highland Cultural Coalition (County of Floyd)	50,000
Historic Brentsville Courthouse	50,000
Historic Buckingham, Inc.	24,000
History Museum of Western Virginia	75,000
Holiday House of Portsmouth, Inc.	12,500
Holiday Lake 4-H Educational Center	50,000
Hurrah Players, Inc.	5,000
J.E.B. Stuart Camp for Huguenot Springs Confederate Cemetery	9,000
Jackson-Field Home for	100,000
James Madison Museum (James Madison Memorial Fd)	40,000
Jamestown 4-H Educational Center, Inc.	50,000
Jamestown Slave Museum	1,000,000
John Marshall Foundation	50,000
John S. Mosby Home (Town of Warrenton)	50,000
John Wesley Church (Waterford Foundation)	75,000
Josephine School Community Museum	67,500
Kenmore	150,000
Kerr Place	26,000
King and Queen County Historical Society	47,000
Kinsale Foundation	15,000
La Cross, Town of	10,000
Lambert's Point Child Care Center	25,000
Lee Hall Mansion	50,000
Lee Hall Train Station	70,000
Legacy Museum of African-American History	25,000
Lewis Ginter Botanical Garden	200,000
Lime Kiln Theater	50,000
LinkAges Center	100,000
Little England Chapel	25,000
Lloyd House	10,000
Louisa County Tourism Commission	25,000
Lynchburg Academy of Music Theatre	125,000
Lynnhaven House	50,000
MacCallum More Museum & Gardens	50,000
Maggie Walker Community Center	15,000
Maggie Walker High School Renovation	100,000
Manassas Museum Systems	150,000
Mariners' Museum	500,000
Marshall Center Library & Senior Center	100,000
Mathews County Library	62,500
Mathews County Public Access Pier	25,000
Mathematics and Science Center Foundation	100,000
Maymont Foundation	200,000
Menokin	100,000
Middlesex County Museum	50,000
Middlesex Co. Women's Club for the Old Courthouse Bldg.	4,750
Miles B. Carpenter Museum	4,313
Mill Mountain Theatre (exempt from Va. Procurement Act)	150,000
Mill Mountain Zoo, (Blue Ridge Zoological Society)	250,000
Montpelier	500,000
Montpelier Center For Arts and Education, Inc.	50,000
Moton Center	50,000
Municipal Arts Center	100,000
Museum of Culpeper History	30,000
Museum of the Confederacy	140,000
National Aeronautics and Space Administration	250,000
National D-Day Memorial Foundation	2,225,000

Nelson County Community Center	50,000
New River Trail (Town of Pulaski)	50,000
New Virginia Review	15,000
Newsome House	25,000
Norfolk Botanical Garden Society, Inc.	100,000
North Street Playhouse, Inc.	65,000
Northern Virginia 4-H Educational Center	50,000
Oatlands (National Trust for Historic Preservation)	75,000
Opera Roanoke	50,000
Orange County Courthouse	49,500
Page Co. Senior Center (exempt from Va. Procurement Act)	100,000
Palace Theatre (Arts Enter Cape Charles)	65,000
Paramount Theater, Inc.	250,000
Paxton House Historical Society	50,000
Peabody Building (City of Petersburg)	50,000
Pelham Chapel	15,000
Peninsula Fine Arts Center	250,000
Philippine Cultural Center of Virginia	70,000
Phoenix Program (Vanguard Services, Unlimited)	250,000
Piedmont Arts Association	150,000
Pocahontas Cemetery (Historic Pocahontas, Inc.)	9,000
Pocahontas Presbyterian Church (Historic Pocahontas, Inc.)	2,000
Poc Museum	30,000
Poor House Farm (Barrier Island Center)	65,000
Poplar Forest	200,000
Prevent Blindness Virginia	37,500
Pulaski Theater	75,000
Pythian Castle	25,000
Red Hill (Patrick Henry Memorial Foundation)	50,000
Reedville Fishermen's Museum	50,000
Richmond Ballet	50,000
Richmond Boys Choir	100,000
Richmond Symphony	75,000
Roanoke Ballet	25,000
Rockbridge 4-H Club	10,000
Rockingham County Fair Association	250,000
Rockingham Public Library	100,000
Rogers' Store Museum	110,500
Rosewell Mansion Ruins	50,000
Schooner Virginia Project	250,000
Science Museum of Western Virginia	725,000
Scotchtown (APVA, Hanover County Branch)	20,000
Serenity House	25,000
Shenandoah Valley Discovery Museum	75,000
Signature Theatre, Inc.	50,000
Smith Mountain Lake 4-H Education Center	50,000
South Boston-Halifax Museum of Fine Arts and History	75,000
South Norfolk Armory	100,000
South Tidewater Association of Ship Repairers	100,000
Southeast 4-H Educational Center	50,000
Southside Community Hospital	50,000
Southwest Virginia 4-H Educational Center	50,000
Special Friends Project	30,000
Special Olympics Virginia	100,000
St. Joseph's Villa	50,000
State 4-H Horse Show Committee (Virginia Equine Center Fd)	20,000
Stonewall Jackson House	46,690
Stonewall Theatre	30,000
Stratford Hall	300,000
Theatre IV	50,000
Thomas Slave Chapel Foundation	25,000
Tinner Hill Heritage Foundation	100,000
Tony West Gray Freedom School (Petersburg Urban Ministries)	50,000
Town of Lebanon	25,000
Trail of the Lonesome Pine Outdoor Drama	25,000
Trevilian Station Battlefield Foundation	400,000
USS Wisconsin (National Maritime Center Foundation)	750,000
Valentine Museum	150,000
Village View Foundation	25,000
Virginia Air and Space Center	300,000

Virginia Amateur Sports	25,000
Virginia Ballet Theater	60,000
Virginia Equine Center Foundation	1,021,045
Virginia Fire and Police Museum	50,000
Virginia Foundation for Agriculture in the Classroom	25,000
Virginia Geographic Alliance	392,000
Virginia Historical Society	375,000
Virginia Holocaust Museum	100,000
Virginia Living Museum	200,000
Virginia Marine Science Museum	1,000,000
Virginia Museum of Transportation (exempt from match)	300,000
Virginia Opera	100,000
Virginia Quality Life	175,000
Virginia School for the Arts	50,000
Virginia Senior Games (Va. Recreation and Park Society)	100,000
Virginia Sports Hall of Fame	500,000
Virginia Symphony	87,500
Virginia Time Travelers Program (Va. Assoc. of Museums)	50,000
Virginia Waterfront International Arts Festival	50,000
Virginia Zoological Park	50,000
Volunteer Rescue Squad Museum	50,000
Walton's Mountain Museum	25,000
Watermen's Museum	100,000
Waynesboro Heritage Foundation	50,000
Weston Manor (Historic Hopewell Foundation)	37,970
Whites Mill	100,000
William King Regional Arts Center	200,000
Wolftrap Foundation for the Performing Arts	1,000,000
Women's Center, The	50,000
Woodlawn (National Trust for Historic Preservation)	75,000
Woodrow Wilson Birthplace Foundation	175,000
Wytheville High School Library (Wythe Co. Historical Soc.)	25,000
<b>Total</b>	<b>\$33,989,834</b>

WHEREAS, recognizing recent fiscal constraints that have prompted reductions in appropriations to various educational museums, the joint subcommittee sought the input of representatives of the Virginia Commission for the Arts, the Virginia Department of Taxation, museum associations, and the institutions themselves to explore the use and availability of funding sources for public and private museums, including federal, state, local, and private funds; and

WHEREAS, dependent on stable, consistent funding to support their daily operations, nonstate museums must also rely on steady fiscal support to provide "seed money" for other grants and awards, and although each nonstate museum seeking a state appropriation must comply with a defined applications process, no clear criteria exist for awarding state funds to these entities; and

WHEREAS, although the joint subcommittee has received testimony regarding museum patronage, geographic location and impact on other activities promoting tourism and economic development, and state and local ability to support these institutions, further study is needed to develop an effective funding mechanism for these museums that will carefully balance financial need and consistency with fiscal responsibility, fairness, and flexibility; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided to Such Institutions be continued. In continuing its work, the joint subcommittee shall develop recommendations for potential funding mechanisms for nonstate educational museums. The joint subcommittee's study shall also include, among other things: further review of nonstate museum access to other funding sources, such as federal, local, and private funds; consideration of museum funding mechanisms, such as special taxes or contributions, employed in other states; and an additional examination of funding guidelines employed by the Virginia Commission for the Arts and other entities as the joint subcommittee may deem appropriate.

The current membership of the joint subcommittee shall continue to serve as appointed pursuant to HJR 453 (1993); any vacancies shall be filled in the manner consistent with the original resolution. The direct costs of this study shall not exceed \$ 5,250.

All agencies of the Commonwealth shall provide assistance upon request as the joint subcommittee may deem appropriate.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1995 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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**1995 SESSION**

**ENROLLED**

**HOUSE JOINT RESOLUTION NO. 430**

*Continuing the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided to Such Institutions.*

Agreed to by the House of Delegates, February 23, 1995

Agreed to by the Senate, February 21, 1995

WHEREAS, the Commonwealth's museums, whether established by government or private entities, enhance educational opportunities for all Virginians, promote community growth and economic development, and enrich the overall quality of life for citizens throughout Virginia; and

WHEREAS, acknowledging the significant value of museums as educational as well as cultural institutions, the General Assembly established a nine-member joint study committee to examine Virginia's educational museums and the appropriate level of public funding for these institutions pursuant to House Joint Resolution No. 453 (1993) and authorized the continuation of the study in 1994 (House Joint Resolution No. 75); and

WHEREAS, having examined the missions and services of nonstate museums across the Commonwealth, the committee has found while the diverse collections of these nonstate institutions may include historic artifacts, artistic treasures, or wildlife, the missions of these institutions are linked by an unflinching commitment to education, economic development, and community service; and

WHEREAS, during the two years of its study, the committee has also explored potential criteria for eligibility for receipt of public funds as well as guidelines for state appropriations for nonstate institutions; and

WHEREAS, the joint subcommittee has determined that continued access to and excellence in the arts and education are contingent upon the availability of adequate and stable funding for nonstate educational and cultural museums; and

WHEREAS, the committee supports the development of a system of consistent, equitable funding for those nonstate educational museums demonstrating a commitment to the continuation and fulfillment of their missions of service, education, and development, and finds that further study is needed to implement an effective funding mechanism for these institutions that will carefully balance financial need and consistency with fiscal responsibility, fairness, and flexibility; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided to Such Institutions be continued to monitor the implementation of its recommendations and to develop additional recommendations regarding funding mechanisms for nonstate educational and cultural entities and other related issues as it deems appropriate. The current membership of the joint subcommittee shall continue to serve as appointed pursuant to HJR 453 (1993); any vacancies shall be filled in the manner consistent with the original resolution.

The direct costs of this study shall not exceed \$ 4,200.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall be continued for one year only and shall submit any final findings and recommendations to the Governor and the 1996 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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1996 SESSION

HOUSE BILL NO. 642

Offered January 19, 1996

A BILL to amend and reenact § 2.1-394.1 of the Code of Virginia and to amend the Code of Virginia by adding in Title 2.1 a chapter numbered 27.1, consisting of sections numbered 2.1-406.1 and 2.1-406.2, relating to funding for certain educational and cultural entities.

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Patrons--Thomas, Bennett, Cranwell, Guest, Heilig, Melvin, Moss, Shuler, Van Lamingham, Van Yahres and Woodrum; Senators: Edwards and Trumbo  
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Referred to Committee on General Laws  
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Be it enacted by the General Assembly of Virginia:

1. That § 2.1-394.1 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Title 2.1 a chapter numbered 27.1, consisting of sections numbered 2.1-406.1 and 2.1-406.2, as follows:

§ 2.1-394.1. Estimates by nonstate agencies of amounts needed.

A. Except as provided in §§ 2.1-406.1, 2.1-406.2 and 10.1-812 through 10.1-814, no state funds shall be appropriated or expended for, or to, nonstate agencies unless:

1. A request for state aid is filed by the organization with the Department of Planning and Budget, as required by § 2.1-394.

2. Such nonstate agency shall certify to the satisfaction of the Department that matching funds are available in cash from local or private sources in an amount at least equal to the amount of the request. These matching funds must be concurrent with the purpose for which state funds are requested. Contributions received and spent prior to the state grant shall not be considered in satisfying the requirements of this subdivision.

3. Such nonstate agency shall provide documentation of its tax exempt status under applicable provisions of the United States Internal Revenue Code.

B. Except as provided in §§ 23-38.11 through 23-38.18, no state funds shall be appropriated to, or expended for, a private institution of higher education or religious organization.

C. Requests for the appropriation of funds for nonstate agencies shall be considered by the Governor and the General Assembly only in even-numbered years.

D. For the purposes of this section, a "nonstate agency" shall mean any public or private foundation, authority, institute, museum, corporation or similar organization which is not a unit of

34 state government or a political subdivision of the Commonwealth as established by general law or  
35 special act. It shall not mean any such entity which receives state funds as a subgrantee of a state  
36 agency or through a state grant-in-aid program authorized by law.

37 CHAPTER 27.1.

38 FUNDING FOR CERTAIN EDUCATIONAL AND CULTURAL ENTITIES.

39 § 2.1-406.1. Virginia Educational and Cultural Entities Fund established.

40 From such funds as may be appropriated for this purpose and from such gifts, donations, grants,  
41 bequests, and other funds as may be received, there is hereby established a special fund in the state  
42 treasury to be known as the Virginia Educational and Cultural Entities Fund, hereinafter referred to  
43 as the Fund, to be administered by the Department of Planning and Budget at the direction of the  
44 General Assembly. There shall be deposited annually in the Fund ten percent of the Commonwealth's  
45 annual interest income earnings credited to the general fund, as determined by the State Comptroller.  
46 The Fund shall be established on the books of the State Comptroller. Interest earned on the Fund  
47 shall be credited to the Fund. Any money remaining in the Fund at the end of the biennium shall not  
48 revert to the general fund but shall remain in the Fund. Disbursement of moneys from the Fund shall  
49 be made by the State Comptroller at the written request of the Director of the Department of  
50 Planning and Budget.

51 § 2.1-406.2. Disbursement of funds for certain nonstate educational and cultural entities.

52 A. At the direction of the Director, the Comptroller of the Commonwealth shall draw annual  
53 warrants upon the State Treasurer from the Fund any sums that may be provided in the general  
54 appropriation act, in favor of the treasurers of the educational and cultural entities as provided in

Page 2

1 subsections B and C of this section. Such sums shall be expended by these entities for general  
2 operating expenses, special projects, and reserve funds. All such educational and cultural entities,  
3 through their proper officers, shall after July 1 of each year submit to the Director a certified  
4 statement that the sums appropriated from the Fund to the association or organization in the  
5 preceding fiscal year were or will be expended for general operating expenses, special projects, and  
6 reserve funds. Any educational or cultural entity failing to comply with any of the requirements of this  
7 section shall be prohibited from receiving moneys allocated under this section for all subsequent  
8 fiscal years until such entity fully complies with the requirements.

9 B. Allocation of appropriations made pursuant to this section shall be based on sums designated  
10 in the appropriation act to the following entities:

- 11 1. The Chrysler Museum.
- 12 2. Western Virginia Foundation of Art and Sciences (The Center in the Square).
- 13 3. Arts Museum of Western Virginia.
- 14 4. Science Museum of Western Virginia.
- 15 5. Blue Ridge Zoological Society of Virginia.
- 16 6. William King Regional Fine Arts Center
- 17 7. Peninsula Fine Arts Center.
- 18 8. Virginia Living Museum.
- 19 9. Virginia Marine Science Museum.
- 20 10. Virginia Zoological Park.

21 C. In addition to funds that may be provided pursuant to subsection B of this section, sums from  
22 the Fund may be allocated to such other educational and cultural entities and in such amounts as  
23 may be designated in the appropriation act.

24 For the purposes of this article, "nonstate educational or cultural entity" means any nonstate  
25 museum, foundation, zoo, performing arts organization, authority, institute, alliance, or similar  
26 organization essentially educational or aesthetic in purpose which (i) has professional staff; (ii) owns,  
27 utilizes, and cares for tangible objects and exhibits such objects to the public on some regular  
28 schedule or, in the case of foundations, whose principal and exclusive mission is the support of  
29 nonprofit exhibiting museums or cultural organizations; and (iii) is not a unit of state government or  
30 a political subdivision of the Commonwealth as established by general law or special act.

31 D. Local matching funds shall not be required for grants made pursuant to this section.

**1996 SESSION  
HOUSE JOINT RESOLUTION NO. 174**

Establishing a commission to study creative solutions for funding for the arts in the Commonwealth.

Agreed to by the House of Delegates, February 23, 1996

Agreed to by the Senate, February 21, 1996

WHEREAS, the visual and performing arts enrich the lives of all Virginians, providing entertainment as well as opportunities for learning, creativity, and self-expression, and serve as catalysts for economic growth, as the presence of arts institutions and cultural activities may enhance the local "quality of life" component necessary to attract and retain a skilled, educated workforce; and

WHEREAS, although private contributions comprise the majority of all arts funding, museums and other cultural institutions are nevertheless dependent on federal, state, and local funding for their continued operation; and

WHEREAS, federal support for the arts, whether provided directly through government agencies and programs such as the National Endowment for the Arts, the National Endowment for the Humanities, the Institute of Museum Services, and the Smithsonian Institution, or indirectly through tax deductions and other benefits, has been adversely affected by increasing demands for other services and programs; and

WHEREAS, continuing economic challenges have prompted many states to develop new strategies for arts funding, such as designating specific revenue sources for the arts funding, earmarking lottery money, creating special license plate programs and state income tax check-offs, and adopting special local taxes and percent-for-art legislation; and

WHEREAS, the visual and performing arts in Virginia must compete not only with state institutions for appropriations, but also with the pressing demands that education, social services, transportation, and other programs place on the Commonwealth's budget; and

WHEREAS, the recent national economic downturn has sorely tested arts funding throughout the Commonwealth, and many visual and performing arts organizations have been forced to eliminate positions, alter benefits packages, reduce employee wages, or modify their programming; and

WHEREAS, the Governor's Task Force on Promotion of the Arts (1992) described the role of the General Assembly in supporting museums and arts organizations as that of "catalyst, helping to augment and strengthen private and local support of the arts," and, consistent with this characterization, the Commonwealth supplies direct and indirect funding for the arts, recognizing that "the arts are healthier when open to diverse influences and not financially dependent on any single source of support"; and

WHEREAS, although a recent joint subcommittee has examined arts funding, its study was limited to state funding for nonstate museums, and did not directly address the performing arts or support for the Commonwealth's seven state agency museums; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a commission be established to study creative solutions for funding the arts in the Commonwealth. The commission shall consider current funding needs for the visual and performing arts in Virginia; federal, state, local, and private sources for arts funding; the role of the Virginia Commission for the Arts and local arts organizations in supporting and promoting the arts; arts funding initiatives in other states; and such other issues as it deems appropriate.

The commission shall consist of 10 members as follows: 4 members of the House of Delegates and 2 citizen members, 1 of whom shall be a representative of the Virginia Commission for the Arts to be appointed by the Speaker of the House; and 3 members of the Senate and 1 citizen member to be appointed by the Senate Committee on Privileges and Elections.

The direct costs of this study shall not exceed \$4,950.

The Division of Legislative Services shall provide staff support for the study. The Virginia Commission for the Arts and other state agencies of the Commonwealth shall provide assistance to the commission, upon request.

The commission shall complete its work in time to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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**1997 SESSION  
HOUSE JOINT RESOLUTION NO. 543**

Offered January 20, 1997

*Reaffirming the General Assembly's goal to appropriate one dollar per capita for the support of the Virginia Commission for the Arts.*

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Patrons--Van Landingham, Armstrong, Behm, Christian, Clement, Connally, Cooper, Council, Cranwell, Crittenden, Croshaw, Cunningham, Darner, Davies, DeBoer, Deeds, Diamonstein, Dickinson, Hall, Heilig, Jackson, Johnson, Jones, J.C., Keating, Lovelace, McEachin, Melvin, Moore, Moran, Murphy, Plum, Puller, Rhodes, Robinson, Shuler, Stump, Thomas, Van Yahres,

10 Watts and Woodrum; Senators: Barry, Benedetti, Holland, Howell, Lambert, Marye, Reasor,  
11 Reynolds, Saslaw, Trumbo, Waddell, Whipple, Williams and Woods

12 -----  
13 Referred to Committee on Appropriations  
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15 WHEREAS, the arts enrich the natural character, individual spirit, and quality of life of the  
16 citizens of the Commonwealth and have become an integral part of Virginia's education, history and  
17 culture; and

18 WHEREAS, nonprofit arts organizations represent an important asset in the state's economic  
19 development, creating more than 7,800 jobs, bringing \$170 million into the economy, and bolstering  
20 the image of the state's tourism and travel industries; and

21 WHEREAS, public investment in the arts sends a strong message to the private sector and creates  
22 leverage for arts organizations to obtain additional private support; and

23 WHEREAS, the Virginia Commission for the Arts, through its grant process, provides essential  
24 operating support for nonprofit arts organizations and educational activities that reached one million  
25 Virginia children last year; and

26 WHEREAS, in the mid-1980's, Virginia leaders in government, business, and the arts embraced a  
27 public funding goal of one dollar per capita to be allocated for support of the Commission; and

28 WHEREAS, by the 1989-1990 fiscal year, state and federal funding of the Commission had  
29 exceeded \$5.5 million and Virginia was within a few hundred thousand dollars of reaching the  
30 dollar-per-capita goal; and

31 WHEREAS, the recession of 1989 coupled with a change in the spending priorities of Virginia's  
32 new administration, resulted in substantial and disproportionate cuts to the Commission that  
33 plummeted Virginia's support to 30 cents a person; and

34 WHEREAS, even though some of the funding for the Commission has been restored over the past  
35 several years through modest increases proposed by the General Assembly, Virginia still ranks third  
36 from the bottom of all states in its support of the arts; and

37 WHEREAS, the national average among states is just shy of a dollar per capita, Virginia -- even  
38 with last year's increases in arts funding -- provides just 47 cents per person; and

39 WHEREAS, the Commission Studying Creative Solutions for Funding for the Arts in the  
40 Commonwealth pursuant to House Joint Resolution No. 174 (1996) determined that appropriating one  
41 dollar per capita for the Virginia Commission for the Arts is a realistic goal that will confirm the  
42 state's long-term commitment to supporting the arts while providing a funding incentive for private  
43 contributors; now, therefore, be it

44 RESOLVED by the House of Delegates, the Senate concurring, That the General Assembly  
45 reaffirm its goal to appropriate one dollar per capita for the support of the Virginia Commission for  
46 the Arts; and, be it

47 RESOLVED FURTHER, That the Clerk of the House of Delegates transmit a copy of this  
48 resolution to the president of the Virginians for the Arts with a request to disseminate this resolution  
49 to the group's membership so that they may be apprised of the sense of the General Assembly in this  
50 matter.

1997 RECONVENED SESSION  
REENROLLED  
CHAPTER 878

*An Act to amend and reenact §§ 2.1-1.5 and 46.2-749.2:2 of the Code of Virginia, to amend the Code  
of Virginia by adding in Title 9 a chapter numbered 9.1:1, consisting of sections numbered 9-84.08 through 9-84.09:4, and by adding  
a section numbered 58.1-346.6, relating to the Virginia Arts Foundation.*

[H 2484]

Approved April 2, 1997

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.1-1.5 and 46.2-749.2:2 of the Code of Virginia are amended and reenacted, that the Code of Virginia is amended by adding in Title 9 a chapter numbered 9.1:1, consisting of sections numbered 9-84.08 through 9-84.09:4, and by adding a section numbered 58.1-346.6 as follows:

§ 2.1-1.5. Entities not subject to standard nomenclature.

The following entities are not subject to the provisions of § 2.1-1.2 due to the unique characteristics or the enabling legislation of the entities:



Authorities

Assistive Technology Loan Fund Authority.  
Medical College of Virginia Hospitals Authority.  
Richmond Eye and Ear Hospital Authority.

....

Foundations

Chippokes Plantation Farm Foundation.  
Rural Virginia Development Foundation.  
Virginia Arts Foundation.  
Virginia Conservation and Recreation Foundation.  
Virginia Historic Preservation Foundation.  
Virginia Outdoor Foundation.

Museum

Virginia Museum of Natural History.

Plantation

Gunston Hall Plantation.

System

Virginia Retirement System.

CHAPTER 9.1:1.  
VIRGINIA ARTS FOUNDATION.

§ 9-84.08. *Foundation created.*

*There is hereby created the Virginia Arts Foundation, hereinafter referred to as the Foundation, a body politic and corporate to be organized and to have such powers and duties as hereinafter provided.*

§ 9-84.09. *Administration of Foundation.*

*A. The Foundation shall be governed by and administered by a board of trustees, consisting of the members of the Virginia Commission for the Arts.*

*B. The Director of the Commission shall serve as the chairman and the staff of the Commission shall serve as staff for the Foundation.*

*C. Any person designated by the board to handle the funds of the Foundation, shall give bond, with corporate surety, in such penalty as is fixed by the Governor, conditioned upon the faithful discharge of his duties. Any premium on the bond shall be paid from funds available to the Foundation.*

*D. Trustees of the Foundation, acting as members of the Virginia Commission for the Arts, shall be entitled to reimbursement for all actual and necessary expenses, as provided by § 9-84.02.*

§ 9-84.09:1. *Virginia Arts Foundation Fund.*

*A. There is hereby created the Virginia Arts Foundation Fund, a special nonreverting trust fund on the books of the Comptroller, to be administered by the Foundation.*

*B. The Fund shall include such funds as may be appropriated by the General Assembly from time to time; revenues transferred to the Fund from the special license plates for Virginians for the Arts program pursuant to § 46.2-749.2:2; voluntary contributions collected through the income tax checkoff for the arts pursuant to § 58.1-346.6; and designated gifts, contributions and bequests of money, securities, or other property of whatsoever character.*

*C. All money, securities, or other property designated for the Fund and any interest or income therefrom shall remain in the Fund and shall not revert to the general fund. The Fund's principal shall not be subject to expenditure by the Foundation.*

§ 9-84.09:2. *Powers of Foundation.*

*The Foundation is authorized to:*

*1. Make expenditures from the Fund's interest and income to assist the Virginia Commission for the Arts in promoting the arts in the Commonwealth in accordance with § 9-84.03.*

*2. Accept, hold and administer gifts and bequests of money, securities, or other property, absolutely or in trust, for the purposes for which the Foundation is created.*

*3. Enter into contracts and execute all instruments necessary and appropriate to carry out the Foundation's purposes.*

*4*

*4. Explore and make recommendations concerning other possible dedicated revenue sources for the Fund.*

*5. Perform any lawful acts necessary or appropriate to carry out the purposes of the Foundation.*

§ 9-84.09:3. *Gifts and bequests.*

*Gifts and bequests of money, securities, or other property to the Fund, and the interest or income therefrom, shall be deemed gifts to the Commonwealth, and the Fund shall be exempt from all state and local taxes. Unless otherwise restricted by the terms of the gift or bequest, the Foundation is authorized to sell, exchange, or otherwise dispose of such gifts and bequests; the proceeds from such transactions shall be deposited to the credit of the Fund. The Foundation shall not actively solicit private donations for the Fund; however, this limitation shall not prevent the Foundation from actively encouraging financial support for the Foundation through the special license plate and*

*income tax checkoff programs.*

§ 9-84.09:4. *Moratorium on use of Fund's interest and income earned.*

*Interest and income earned on money, securities or property deposited in the Fund shall remain in the Fund and shall not be subject to expenditure by the Foundation. This section shall expire on June 30, 2000.*

§ 46.2-749.2:2. Special license plates for Virginians for the Arts; fees.

A. On receipt of an application and payment of the fee prescribed by this section, the Commissioner shall issue special license plates bearing the following legend: VIRGINIANS FOR THE ARTS.

B. The annual fee for plates issued pursuant to this section shall be twenty-five dollars in addition to the prescribed fee for state license plates. For each such twenty-five-dollar fee collected in excess of 1,000 registrations pursuant to this section, fifteen dollars shall be paid into the state treasury and credited to the special nonreverting fund known as the Virginians for the Virginia Arts Foundation Fund, established within the Department of Accounts, for use by the Virginia Commission for the Arts Foundation.

§ 58.1-346.6. *Voluntary contribution to promote the arts.*

A. Any individual eligible to receive a tax refund pursuant to § 58.1-309 may designate at the time of filing a return a specified dollar amount of such refund, not less than one dollar, to be used by the Virginia Arts Foundation to assist the Virginia Commission for the Arts in its statutory responsibility of promoting the arts in the Commonwealth.

B. All moneys collected pursuant to subsection A shall be deposited into the state treasury.

C. The Tax Commissioner shall determine annually the total amount designated on all returns and shall report the same to the State Treasurer, who shall credit the amount to a special fund known as the Virginia Arts Foundation Fund.

**2. That the provisions of § 58.1-346.6 shall become effective for taxable years beginning on and after January 1, 1997.**

**3. That the Department of Taxation's direct costs of implementing the provisions of § 58.1-346.6 in fiscal year 1997-1998 shall be deducted from amounts designated as contributions.**

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