

- SUBJECT:** Abolishing the Texas Cultural Endowment Fund
- COMMITTEE:** Culture, Recreation and Tourism — committee substitute recommended
- VOTE:** 8 ayes — Homer, D. Howard, T. King, Kleinschmidt, Kuempel, McCall, Phillips, Thibaut  
0 nays  
1 absent — Dukes
- WITNESSES:** For — Amy Barbee, Texas Cultural Trust  
Against — None
- BACKGROUND:** In 1993, the 73rd Legislature established the Cultural Endowment Fund outside the treasury to provide a permanent and sustaining source of financial support for the Commission on the Arts and to eliminate the need for future appropriations of general revenue funds. The fundraising goal was set at \$200 million by 2005, the level estimated necessary to support annual agency appropriations of \$9.3 million.
- DIGEST:** CSHB 2242 would abolish the Texas Cultural Endowment Fund on December 1, 2009. The money in the fund, including interest, not subject to donor restrictions would be transferred to the Texas Commission on the Arts operating fund, but could not be used to reduce appropriations made for the fiscal biennium beginning September 1, 2009. Money subject to donor restriction would be returned to the donor.
- Government Code sections relating to the Cultural Endowment Fund would be repealed. Government Code, sec. 444.025 would be amended to require that money paid to the Commission on the Arts and proceeds from the sale of Texas Music Project compact discs be deposited in the Texas Commission on the Arts operating account rather than the Cultural Endowment Fund.
- The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS  
SAY:**

The Cultural Endowment Fund has not accomplished its purpose of providing a sustainable source of financial support for the Texas Commission on the Arts. The Cultural Endowment Fund is far from its target of \$200 million, ending fiscal year 2008 with a balance of \$9.8 million.

A long-term revenue stream to build the Cultural Endowment Fund was never identified, and no legislative appropriations have been made in the last two biennia. Also, there have not been any private contributions made in the last two years.

The committee substitute has addressed concerns that the money could be diverted from its intended purpose by providing specific requirements for how the money will be handled.

**OPPONENTS  
SAY:**

No apparent opposition.

**NOTES:**

According to the fiscal note, the bill would result in a one-time gain in general revenue-dedicated funds of \$6,579,793 to the Texas Commission on the Arts' operating account. Of that amount, \$1,839,807 is estimated to be private donations. It is currently undetermined if any of the private donations would need to be returned to donors.

The committee substitute differs from the bill as filed by providing specific instructions regarding what money will be transferred to the Texas Commission on the Arts operating fund. The substitute specifies that the money that could be transferred could not be used to offset the budget.

The companion bill, SB 1900 by Seliger, passed the Senate by 28-0 on April 17 and has been referred to the House Culture, Recreation, and Tourism Committee.