

# Arts Tax: Promises to voters only partly fulfilled

Audit highlights - July 2015



**What and why:** In 2012, Portland voters approved a tax of \$35 per person to fund art and music in schools and to support arts organizations. After three years of collections, we checked to see if the promises to voters were kept. Results were mixed:

## Ballot promises:

### RESTORE SCHOOL ARTS, MUSIC EDUCATION; FUND ARTS THROUGH LIMITED TAX.

**QUESTION:** Shall Portland restore arts, music for schools and fund arts through income tax of 35 dollars per year?

**SUMMARY:** This measure creates a limited income tax of \$35 for each adult income-earning Portland resident. Individuals in households below federal poverty level pay no tax.

Tax can only be used for:

- Arts and Music Teachers: Funds to hire arts and music teachers for kindergarten through 5th grade students at local public schools attended by Portland students. Distribution of funds based on school enrollment.

- Arts Access: Remaining funds for grants to nonprofit arts organizations, other nonprofits and schools. Will fund grants to provide high-quality arts access for kindergarten through 12th grade students and to make arts, culture experiences available to underserved communities. Funds administered by Regional Arts and Culture Council (RACC).

Accountability measures include:

- Administrative costs are capped.

- Expenditures subject to oversight by citizen committee.

- Independent financial audits of RACC and School District expenditures.

Estimated funds raised will be \$12 million annually. The tax is effective beginning with 2012 tax year, with payment due when state taxes are due.

*Ballot Title: Measure 26-146*

**No:** Tax amended prior to collection to exempt additional taxpayers

**No:** Administrative costs exceed cap; existing staff diverted to Arts Tax collections

**No:** Regional Arts and Culture Council and most school districts do not include Arts Tax detail in financial audits

**Yes:** Approximately \$7 million per year funds 83 art and music teachers in six school districts

**Yes:** \$1.8 million granted to established arts organizations to date; \$79,000 to expand arts access

**Yes:** Arts Oversight Committee provides detailed reports to City Council

**No:** Compliance is low and revenues remain below estimates at \$8 to \$9 million per year.

**Moving forward:** For the City to follow through on promises made to voters, we recommend that the City Council review options to improve compliance, review and revise the administrative cost cap, and clarify oversight responsibilities.



For the full report: [www.portlandonline.com/auditor/index.cfm?c=66565&a=538935](http://www.portlandonline.com/auditor/index.cfm?c=66565&a=538935)

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