

Critical HB2498 Funding



Overview

House Bill 2498 creates the Oregon Cultural Impact Program as part of the Oregon Cultural Trust. It directs the sale of \$200 million of lottery bonds, and then disburses the interest and earnings from those funds to cultural organizations across Oregon. When the Oregon Cultural Trust was created 20 years ago, the proposal included sale of surplus public lands to create a fund of at least \$200 million, from which earnings would be used to support Oregon's cultural organizations. The surplus property sales never occurred, and the promise of significant ongoing financial support was never realized.

Lottery bonds are sold every biennium to fund programs that promote economic development, support parks, preserve natural habitats, and fund veterans' services and other constitutionally permitted uses. Lottery revenues are used to pay off these bonds. The lottery bonds that HB 2498 authorizes will be invested by the Oregon Treasurer's office. Although investment earnings can never be predicted with certainty, over the last 10 years the Treasurer's office has earned an average of at least 5.4% per year for funds it has invested for long-term returns. Based on that investment history, it is reasonable to predict that about \$10 million per year will be available to distribute to Oregon cultural organizations.

Who Will Benefit?

Non-profit, local government and tribal organizations that qualify for support through existing Oregon Cultural Trust programs will be eligible for financial support under this new program.

The Oregon Cultural Trust Board will adopt rules to provide for equitable distribution of this new funding, taking into account the population of the community served by the cultural organization and the organization's scope and size.

Oregon's existing county and tribal cultural coalitions will assist the Oregon Cultural Trust Board and staff with development of funding criteria and disbursement of the funds.

FAQs about HB2498

What does the bill do?

It directs sale of \$200 million of lottery bonds, and then disburses the interest and earnings from investment of those funds to cultural organizations across Oregon.

Why do this now?

When the Oregon Cultural Trust was created 20 years ago, the proposal included sale of surplus public lands to create a fund of at least \$200 million, from which earnings would be used to support Oregon's cultural organizations. The surplus property sales never occurred, and the promise of significant ongoing financial support was never realized.

How much will be distributed each year?

The \$200 million will be invested by the Oregon Treasurer's office. Although investment earnings can never be predicted with certainty, over the last 10 years the Treasurer's office has earned an average of at least 5.4% per year (one fund's annual earnings averaged 10.2%) for funds it has invested for long-term returns. Based on that investment history, it is reasonable to predict that about \$10 million per year will be available to distribute to Oregon cultural organizations.

Who qualifies for this new financial support?

Nonprofit, tribal, and local government organizations that qualify for support through Cultural Trust programs will be eligible for funding under this new program.

How will this funding be disbursed to Oregon's cultural organizations?

The Oregon Cultural Trust Board will adopt rules to provide for equitable distribution of this new funding that takes into account the population of the community served by the cultural organization and the organization's scope and size. Oregon's existing county and tribal cultural coalitions will assist the Oregon Cultural Trust Board and staff with development of funding criteria and disbursement of the funds.

How are the bonds repaid?

Oregon's lottery revenues are used to pay off lottery bonds. Lottery bonds are sold every biennium to fund multiple programs that promote economic development, support parks, preserve natural habitats, and fund veterans' services and other constitutionally permitted uses.

What is the role of the Oregon Cultural Trust?

The Oregon Cultural Trust board and staff will continue to manage the programs funded through donations that qualify for Cultural Trust tax credits and sales of Cultural Trust license plates. The board and staff will also manage this new program and will provide cultural coalitions with technical assistance they need to implement it and evaluate its success. Administrative expenses and technical assistance costs will be funded from bond proceeds in the amount determined necessary by the legislature as part of the biennial budget process.