

Appendix B

Two Innovative North Carolina Collaborations

NC School of the Arts & Krispy Kreme - Unity Place Development

The North Carolina School of the Arts and Krispy Kreme have announced an \$84 million development project in downtown Winston-Salem that will include:

- 200,000 square feet of office space:
 - Phase I - 100,000 square feet for Krispy Kreme's corporate offices, in the guise of a neoclassical "school-like" brick structure;
 - Phase II – 100,000 square feet of office space for unidentified tenant(s).
- A six-screen vertical multiplex – potentially in combination with a seventh theatre, large-screen IMAX theatre – with a gourmet food court;
- A performing arts complex, to be named the Wachovia Center for the Performing Arts, featuring a 700-seat proscenium theatre, 250-seat chamber music hall and outdoor amphitheatre;
- A parking deck (one of two planned);
- A small park;
- Upscale retail, office and restaurant space; and
- Residential condominiums.

The development will be called Unity Place.

The School of the Arts has created a private, nonprofit development corporation called Unity Development Corporation that will be the owner and developer of the Krispy Kreme headquarters complex. Taxable bonds, issued and underwritten by Bank of America, will be used to finance the project. In effect, the School will be the company's landlord.

The bonds will be paid back over 20 years which mirrors the lease signed by Krispy Kreme for their corporate headquarters. The Krispy Kreme lease, which is at a premium rate, is the major source of funds for paying off the bonds. The bond interest rate is approximately 5%. Sale of the bonds is expected to begin within the next 3 months. The first use of bond funds will be to purchase land. They expect to break ground by December. There is no payment due on the bonds during the construction period or first year of occupancy.

The City of Winston-Salem will funnel \$1.8 million into the project to redevelop sites along Broad Street primarily through infrastructure improvements.

The architect for Unity Place is Calloway Johnson Moore West P.A. of Winston-Salem. The developer is Lincoln Harris, based in Charlotte with offices in Winston-Salem.

Bank of America – NC Blumenthal Performing Arts Center Project

In the early 1990's, a similar development project occurred in Charlotte. Bank of America's development of its new corporate center includes the North Carolina Blumenthal Performing

Arts Center (NCBPAC). The 60-story Bank of America Corporate Center office tower connects to the NCBPAC and Founder's Hall an urban retail complex that includes the Box Office for the NCBPAC. Key elements of this partnership development are:

- Common Architect
- Coordinated foundation on common site
- Single wall separating the two entities
- Single HVAC system-NCBPAC was only obligated for capital cost of incremental system capacity
- Incremental cost of utilities
- NCBPAC gets access to Bank of America parking garage during night time and weekend hours with PAC receiving net of cost revenue

Specific to the NCBPAC:

- The City of Charlotte owns the NCBPAC in fee;
- The City of Charlotte is obligated for capital replacements;
- The City of Charlotte is obligated for annual maintenance and insurance;
- The NCBPAC is obligated for operating and programmatic expenses.

A copy of the Lease and Management Agreement between the NCBPAC and the City of Charlotte follows.

Appendix C

Cultural Facilities – Sources of Funding for Capital Construction

A Report to the Arts & Science Council of Charlotte-Mecklenburg
by Dian Magie

As a component of the Charlotte-Mecklenburg Cultural Facilities Master Plan Coordinated by Arts & Science Council, developed to guide cultural facilities planning in the area for the next 25 years, this report summarizes strategies created by other communities for funding capital construction in the last decade. Some of these strategies will be more applicable to the thriving Charlotte-Mecklenburg economy than others. Creativity not unique to the arts, it can also be applied to connecting the dots between a source of funding and the capital needed for a cultural facility. The process should always begin with a cultural needs assessment and master plan, followed by the search for a source of funding that can make these plans a reality.

The relatively robust economy of Charlotte lends itself to projects that are entrepreneurial in funding approach. Capital construction of cultural facilities can be facilitated through various organizational structures that provide lower the cost of financing tied to an income stream. In areas such as Charlotte where property values are high, the local government can leverage ownership of land into capital construction of cultural facilities. There are options in the structure, management and control of development and in the source and strategy of funding the capital construction.

Charter authority generally grants cities and towns authority to levy any taxes *not specifically prohibited* by the legislature. Counties may only levy taxes specifically authorized by the state legislature. Currently local governments nationally have demonstrated at least 26 different taxes, often identified by such titles as fees or surcharges. For whatever method of facility development, the revenue to repay bonds must be identified. These include:

Real Property	Alcohol License	Tangible Personal Property
Bank Franchise	Machinery and Tools	Cable TV Franchise
Sale and Use	Cable TV Excise	Transient Occupancy
Merchant's Capital	Meals	Consumer Utility
Cigarette	Admissions	Recordation
Probate	Coal and Gas Severance	E-911
Oil Severance	Daily Rental Property	Income
Utility License	Motor Fuels Sales	Video rental
Business, Professional, Occupational License (BPOL)		

Many of the above will be identified as revenue used by cities, counties, development authorities, and districts to secure capital for construction of cultural facilities by the methods and structures created to oversee this development. Professional tax and legal advice should be consulted in developing language.

PUBLIC DEVELOPMENT AUTHORITIES (PDAs)

Public development authorities are public corporations created by a city or county to perform a particular public purpose or public function specified in the ordinance or resolution creating the PDA and its charter. A PDA may own and sell real estate, contract with local government to conduct community development, and may borrow funds or issue tax-exempt bonds often backed by a city or county guarantee, typically in the form of a contingent loan agreement.

The **Bunker Hill Business District**, in downtown Los Angeles, identified both capital construction and continuing programs support with a 35 year **land lease agreement** with the development company that included a 1% dedication for Public Art in the \$300+ million construction of two office towers. The Los Angeles Museum of Modern Art was constructed from the 1% on the first office tower and an outdoor performing arts space was constructed as part of the land lease agreement for the second tower. The two towers total 2.1 million square feet currently at near 100% occupancy. In addition the redevelopment agency receives **annual leaseholder payments** of \$.32/square foot that provides funding for programming of the outdoor performing arts space. (Michael Alexander, 213-687-2195)

The **Allegheny Regional Asset District**, created under the authority of Pennsylvania Legislative Act 77 of 1993, is a special purpose, area wide unit of local government. The geography (including Pittsburgh) of the District is the same as Allegheny County Pennsylvania, but has no taxing powers. The County was authorized by the Act to levy a **1% sales tax** to fund activities of the District and provide funds for county and local government tax reform. The County passed an ordinance creating the District and tax collections beginning July 1, 1994. For 2003, the District adopted a \$75.3 million budget, some 31% of the funding went to support libraries, 28% to parks, 10% to special facilities (zoo, aviary, conservatory), 22% to sports facilities and 8% to arts, cultural and recreational organizations.

The State of Pennsylvania has also provided substantial capital improvement funding. In 1998, Governor Ridge awarded \$15 million in funding for the redevelopment of the Fifth and Forbes Retail Corridor, renovations to the Byham Theater, and development of the upper-level of the Allegheny Riverfront Park, planned by the **Pittsburgh Cultural Trust**, a Public Facilities District.. In February 1999 the Pennsylvania General Assembly passed legislation authorizing the Governor to award \$150 million in state funding for the new sports facilities for the Pirates and Steelers. (David Donahoe, Director, 412-227-1900).

Concerned about Legislative oversight, Ohio established the **Ohio Arts and Sports Facilities Commission**, a State agency to oversee **capital improvement appropriated by the General Assembly and Governor**. It is responsible for the planning, construction, renovation and expansion projects of Ohio's theatres, museums, historical sites and publicly owned professional sports venues. The agency was established in 1988 as the Ohio Arts Facilities Commission, that focus was only on arts facilities. The General Assembly and Governor assign projects to the Commission in the State's biennial capital improvements bills. In the last 14 years, more than \$330 million has been appropriated for 106 projects of various sizes. The Commission protects State interests by verifying that each project has significant community support and a solid management plan. (Kathleen Fox, Executive Director, 614-752-2770)

The Seattle Art Museum is a tenant in the museum owned by the **Museum Development Authority, a PDA formed by The City of Seattle**. The PDA Board is composed in part of members nominated by the Seattle Art Museum. Washington Mutual, the Seattle Art Museum and the PDA are planning for joint development of a 40-story downtown tower that would provide new corporate headquarters for the bank and allow the museum to triple in size. The museum, which owns the Museum Plaza building, has long looked to the site to accommodate its long-term growth. The arrangement with the bank will give the museum the luxury of expanding gradually over time. Seattle Art Museum won't fully occupy its 300,000 square feet of space in the proposed tower for as many as 15-20 years. (Jeff Eby, 206-625-8900)

Sale-leaseback is another method local governments and districts use to identify revenue for new facilities. The City of Tucson used this method to obtain over \$100 million to restore The Temple of Music and Art, for the professional Arizona Theatre Company, adaptive re-use of a church for a black box, and other arts facilities in addition to the exhibit center expansion of the Convention Center. This was accomplished by the sale-leaseback of the Convention Center, that was debt free, to the Local Tucson Development Corporation (a nonprofit corporation) that issued bonds and oversaw the construction.

The **Pima County Stadium District** is coterminous with Pima County and can issue debt upon authorization of the Board of Directors to pledged District revenues to retire the debt. The method used is referred to as **sale-leaseback**. The Baseball Stadium was financed with proceeds of the sale of the Pima County Adult Detention Facility to First Trust of Arizona, National Association for \$34,500,000 on February 1, 1997. Money for the bank's purchase of the Adult Detention Facility came from the County's issuance of \$35,660,000 principal amount of bonds called "Certificates of Participation." Also on February 1, 1997, The County entered into a Capital Lease of the Adult Detention Facilities with First Trust for \$35,660,000 for a 15-year term. On September 1, 1999, Pima County amended this lease-purchase agreement for the Adult Detention Facility.

PUBLIC FACILITIES DISTRICTS (PFDs)

Public Facilities Districts (PFDs) are municipal corporations created by a city or county, by ordinance or resolution, to develop and operate regional centers. They can impose non-voted sales tax, voted sales tax, parking tax and admissions tax. PFDs can issue tax-exempt or taxable bonds, either as general obligation bonds or as revenue bonds.

The **Pittsburgh Cultural Trust District**, a nonprofit corporation since 1984, derives much of its revenue for capital construction through **land lease payments on properties held in the arts and entertainment district**. The Trust focused on the development of a 14-block city center using the arts as the catalyst for Downtown animation and new business development. In the beginning, downtown Pittsburgh combined public and private resources receiving a \$17 million federal Urban Development Action Grant (UDAC) to fund the restoration of the Benedum Theatre and the construction of CNG Tower. In Pittsburgh, the arts were the driving force and the brains behind the Urban Redevelopment Authority. Performance related and real estate taxes combined tripled in the first decade of the Trust. The Cultural District receives income from **real estate taxes, parking and amusement taxes**. (Carol Brown, 412-471-6070)

The method for repayment of tax-exempt bonds varies. Taxing, such as sales tax and transient occupancy tax (bed tax) imposed by local governments in most states requires state enabling legislation. A method that has been successful with state legislatures, because it doesn't increase taxes, is **Tax Increment Financing**. Tax Increment Financing allows local government to capture future increases in property or sales taxes that result from public investment in infrastructure within the designated district. A base year is identified and the local government can capture the increase of tax income for the specified district from that base year for a designated time. When the bonds are paid in full, the local government would no longer capture the increased revenues and all the taxing jurisdictions would benefit from the increased tax base.

In communities with high property values often a small **excise tax or transfer fee** can produce revenue for community cultural projects. The City of Aspen passed a **Real Estate Transfer Tax** Ordinance in 1980, with voter approval. The revenue, approximately \$750,000 each year, paid the debt service on general obligation bonds in the amount of \$4 million to support the restoration and operation of the Wheeler Opera House. The ordinance specifically stated that "such Real Estate Transfer Tax shall not be considered a sales or use tax within the meaning of any provision of this Charter relating to sales and use tax revenue bonds."

In Washington State the program was identified as "**rebated**" **sales tax revenues** and spawned numerous districts and projects throughout the state. Depending on the facilities constructed, such as parking garages, additional revenue will be identified associated with the project to repay the bonds. Washington State also enables counties to levy an **excise tax on the sale of real estate** of one-quarter of one percent (0.25%) of the selling price on each sale of property within the official boundary of the county to be placed in a county capital improvements fund to be used solely for financing capital projects that are specified in a capital facilities plan.

The Snohomish County Public Facilities District (SCPFC) was established for the purpose of accessing State (Washington) "**rebated**" **sales tax revenues**, and using these dollars to help construct regional centers throughout the County. The Edmonds Public Facilities district (EPFD) purchased the Art Moderne-style Puget Sound Christian College campus in downtown Edmonds in November 2002 for \$4.1 million with money from the sale of more than \$7 million in bonds. Money the PFD will receive from Edmonds and Snohomish County **sales and use taxes** during the next 24 years, and \$2 million (\$1million of which is included in the \$7 million bond amount) from the city's first $\frac{1}{4}$ **percent real estate excise tax** backs the bonds. EPFD will create a regional and community asset with an eventual value of over \$16 million that includes a high quality multipurpose center with a 750-800 seat performing arts auditorium, meeting and conference rooms, and transforming the Centre for the Arts into a first class performance and meeting facility. (Stephen Clifton, Community Services Director, City of Edmonds, 425-771-0251)

The **Skagit Regional Public Facilities District** (Skagit County Washington) is developing a performing arts and conference center that will cost \$16 million in conjunction with and on the campus of Skagit Valley Community College. The Skagit PFD sold its **general obligation sales tax bonds** in April 2003. This is an example where Inter-local Agreements

address a variety of issues that include bonding, real estate acquisition, capital financing and asset transfer and are critical to the long-term success of regional projects. (Mike Crawford, Chair, Skagit Regional PFD, 360-708-1323).

The Arizona legislature provided a similar **Tax Increment Financing** one-year window in 1999 that required voter approval. In November 1999 voters approved Proposition 400 that allowed the city a one-time ten-year opportunity to capture increased **sales tax dollars** from the **Rio Nuevo Multipurpose Facilities District**. The City of Tucson could designate the start of the ten-year period. The plan would allow the city to keep about \$60 million in state sales tax dollars to be matched with city sales taxes and about \$1 million a year from the general fund for over the ten years. This \$120 million project includes several museums at the intersection of Interstate 10 and Congress Street, the central corridor of downtown Tucson. (John Jones, 520-791-5580)

State legislatures have also approved **new or additional sales taxes** to support cultural facilities. The language often specifically designates a geographic area or the language is written in such a way that it would only apply to a specific area such as “applied to a city with a population of over 500,000 and under 1 million” that would apply to only one city in the state. This requires a united effort with support of all local legislators and often may include a vote of residents of that area supporting the initiative.

The **Scientific and Cultural Facilities District (SCFD)** in the Denver metro area is one of the first facilities districts to provide a consistent source of unrestricted funding to scientific and cultural organizations. This was enabling legislation by the Colorado State Legislature, approved by voters in 1988. In 2002 the \$33 million (down from a high of \$35 million due to the downturn of the economy) supports cultural, science and history organizations through a **0.1% retail sales and use tax** (one penny on every \$10) in the seven counties that comprise the district. The SCFD reauthorization takes place in 2004 and there is concern that an influx of 30% new residents since the last vote may endanger this funding mechanism. (Mary Ellen Williams, District Administrator, 303-860-0588)

In 1989, the **Montgomery County Regional Arts and Cultural District** (Ohio), composed of Montgomery County and 29 of the 30 municipalities and townships, benefited from the establishment of a **1% county option sales tax** approved by the Montgomery County Commission. The area includes Dayton, Ohio and 18 cities and villages, 12 townships and a county government that took the lead in creating a joint economic development and revenue-sharing compact to launch county-wide affordable housing and create a region-wide arts and cultural program. Cultural programs receive \$1 million a year from the fund, but additional economic development portion has funded capital construction such as \$500,000 for the Dayton Art Institute. (The Arts and Culture Alliance of Miami County, 513-222-2787)

The **Bi-State Cultural District**, added an **additional 1/8 cent sales tax** for six years in 1996 to finance the capital and operating costs associated with the historic Union Station. The District was unique in that it required the adoption of identical state legislation in Kansas and Missouri to authorize the imposition of the tax, and then approval by the voters of the metropolitan counties in separate elections. In six years it raised \$118 million for the renovation

of Union Station. In 2002 there was a move to Bistate II, an initiative that would renew the 1/8-cent sales tax and generate nearly \$750 million over the authorization period of 20 years for arts programs and the stadiums at the Truman Sports Complex. . The initiative derailed when the Jackson County Legislature, placed on the ballot a tax measure that would have raised \$240 million over 10 years, with \$80 million for Jackson county in addition to \$40 million already earmarked for a new performing center in Kansas City. (Joan Israelite, Metropolitan Kansas Arts Council, 816-221-1777)

TRANSIENT OCCUPANCY TAX

Cultural Districts are linked to increased tourism, thereby justifying an increase in the area **transient occupancy tax** as a method of raising funding for capital construction or the repayment of bond issued for the construction of cultural facilities. This is often referred to as a “bed tax” or “hotel/motel tax.” Mecklenburg County has the statutory power to use the hotel/motel tax for museums, off-street parking, performing arts centers and activities including art and cultural programs, events and festivals. The current rate is 6%, from the initial 3%, with the additional 3% dedicated to the new convention center in 1990. The City’s allocation from the initial 3% provides debt service on four capital projects the Coliseum and Mint Museum (more than half of the City’s \$4.7 million a year share of the Hotel/Motel Tax. will be retired in July 2004) and Discovery Place and the Performing Arts Center (debt retired in 2011). The hotel-motel tax at this time is generating to the city approximately \$3+ million on 1%. A six percent hotel/motel tax pales in comparison with the Washington DC and other large cities where in addition to the hotel/motel tax there is often added a percent of more called **hotel/motel surcharge**. This can be as high as 11% in many cities. Norfolk City, Virginia collects an 8% lodging tax on every hotel, inn, tourist home or house, motel, rooming house or other lodging for compensation to any transient.

Since 1990, the **King County Cultural Facilities Program**, a local 1% transient occupancy tax (bed tax/hotel-motel tax) has provided “bricks and mortar” capital project funding for the 70 King County arts, heritage and cultural organizations.

The City of Tucson City Council passed a **\$1 per room, per night surcharge** to the 6% hotel/motel tax that did not require voter approval. Producing over \$1 million a year this was used for both capital and programming for the Tucson Arts District.

TAX-EXEMPT FINANCING BY NONPROFIT CORPORATIONS

States and political subdivisions are authorized, under federal tax law, to issue obligations, the interest on which is exempt from federal income taxation (“tax-exempt bonds”). An alternative method of obtaining tax-exempt financing is available under the Internal Revenue Code. This method of financing is referred to as “63-20” financing from the Department of Treasury ruling in 1963. Through this method of financing, a nonprofit corporation may issue tax-exempt debt for the purpose of financing facilities as long as the title to the facilities is transferred to a governmental entity when the debt is retired. In order to access the tax-exempt market, the debt is commonly denominated as “bonds”. An existing nonprofit corporation, with an operating history may qualify for a loan in the conventional manner. This loan may be

converted into 63-20 financing, so that a conventional bank loan may be booked by a bank as tax-exempt, bank-eligible loan. Or a bank could determine to add its letter of credit to the transaction thereby making the corporate bonds more marketable.

PUBLIC/PRIVATE PARTNERSHIP

Privatization of traditional governmental functions through a cooperative agreement between public and private sectors (such as municipal motor pools, water companies, and waste treatment) began in the 1980's. In some states they involved the direct investment of public dollars in private enterprises to stimulate business development and thereby create jobs and deepen the local tax base. They also included the **issuance of industrial revenue bonds, providing tax exempt financing** for private capital expenditures.

There are several models for Public/Private Partnership. The most traditional use of public funds in conjunction with the private sector involves the public acquisition of goods and services through a **contract** with a private contractor – as in building roads. **Conduit financing** involves the use of a governmental entity to borrow on behalf of a private entity and provide the private entity the lower interest rates of tax-exempt financing, such as a private contractor constructing low-income housing. Municipalities may enter into contractual arrangements with **attributes of a partnership**, where liability of the municipality has been limited and control over risk can be assured. Municipal corporations may also become a **lessor**, receiving as lease payments an amount that is deemed adequate consideration for the property rights involved.

The City of Austin, Texas has **private-public partnership** agreements related to their successful 1998 bond package for 50 new projects over the next 5-7 years. These include bond monies to renovate the State Theater managed by Austin Theatre Alliance; the Center for Mexican American Cultural Arts, Inc.: renovation of the Civic Center into the Long Performing Arts Center, to be renovated and managed by Arts Center State; and Mexic-Arte Museum.

Depending on the market for inner-city property, the city can trade “air rights” allowing a developer to build higher than zoning would allow in return for the construction of cultural facilities within the building. Boston is a city that has successfully used this method known as **site plan conditions**. In Arlington County, Virginia, a \$675,000 **public-private partnership** between Arlington County (1/3) and a developer (2/3) rehabilitated an old movie house into a theatre/conference center with 400 seats, as an “anchor” in redevelopment plans for the urban community of Rosslyn. The County funded its’ portion of the build-out costs, those features necessary funds contributed by other developers as part of “site plan conditions.” The facility is co-managed by the developer and the County, with the conference activities ending at 6pm to make way for cultural events on evenings and weekends. Arts organizations are not charged for use of the space; however, tickets reflect a 10% surcharge that goes to the County.

Arts organizations using the historic John Anson Ford Amphitheatre, a 1200 seat outdoor performance site built in the 1920s near the Hollywood Bowl also pay no fee for the use of the facility but do pay 10% of the ticket price and 25% of concessions to LA County Arts

Commission who manages the facility. The facility was restored with funding from a **percentage of the County Cable Franchise Fee**.

The Frogtown Family Lofts (artist live-work space) in Saint Paul, Minnesota provided 36 units for a project cost of \$3.29 million. **A Limited Partnership** formed of two local nonprofit developers (as general partners: Twin City Housing Development Corporation and Artspace Projects, Inc) and The National Equity Fund (NEF) as the limited partner. Equity was \$1.5 million from NEF for affordable housing tax credit, first mortgage from the AFL-CIO Housing Investment Trust; second mortgage of \$465,000 from the City of Saint Paul; third mortgage \$544,000 from The Family Housing Fund.

Large project must often patch together several sources of financing and also sources of revenue for debt service. The **Rock and Roll Hall of Fame Museum** cost over \$90 million to construct. The sources for funding included \$40 million in variable/fixed-rate revenue bonds issued by the port authority; \$11 million in city urban renewal increment bonds; \$11 million in county general obligation bonds; and \$28 million in state grants and private sector contributions. Debt service of \$3.6 million a year also came from several sources: a 1.5% countywide bed tax; 3% surcharge on museum admissions; and \$1.5 million annual corporate sponsorships.

The Torpedo Factory in Alexandria, Virginia was an early example of a **partnership between a City and a cultural organization** as a generator of urban revitalization. In 1969, The City of Alexandria bought the building on the waterfront originally built in 1918 to produce torpedoes from the federal government for \$1.5 million. Requesting proposals it was five years later that the City approved a minimal renovation fund of \$140,000 for an Art Center. This became the anchor and inspiration for the Alexandria Waterfront Restoration. The success of the project required additional parking. The parking garage across from the Topedo Factory is a mixed-use development financed through **parking fees** and the sale of condominiums above the parking garage.

OTHER SOURCES OF REVENUE USED TO REPAY BONDS

Other bonding partnerships to review are Metropolitan Park Districts, Library Districts and community colleges, natural partners in the creation of cultural facilities. These require an intergovernmental agreement between the parties who must share the facility – an outdoor amphitheater can be used for festivals, theater and also graduation exercises for a college. Voters in North Carolina and other states are generally positive about bond issues that provide parks and public land. These issues can include facilities. In 2000 the Safe Parks and Land Preservation Referendum passed in Broward County, Florida, authorizing the spending of \$400 million; \$200 million to buy remaining natural lands and \$200 million to renovate and enhance the county's aging park system. Included in the package was \$5 million for the City of Hollywood. *Charlotte may look at a package for bond referendum that would include the Little Sugar Creek Greenway.*

The **Admissions or Entertainment tax** is common in many cities. If Charlotte were to pass such a tax (or surcharge) at 3% of the ticket cost it would generate approximately \$2.5 million annually. Virginia Beach and Norfolk, Virginia charges a 10% admission tax applicable

to any amusement or entertainment, including charges for season tickets. Seattle charges a 5% admission tax. Cincinnati has a complicated formula for admissions tax – the gross price minus \$1.05 divided by 3 divided by 1.03 times 3%. Santa Cruz, California charges 5% on the price of admission or registration for events within the city limits. In Oregon, the state required enabling legislation and was written “*for cities with a population of 100,000 or more, or a special district of this state that has within its boundaries a city with a population of 100,000 or more, has adopted an ordinance or resolution imposing a tax on admission for entertainment events,...*” for a tax of no more than 5% for an entertainment event or \$.50 whichever is greater. Minneapolis has a 3% citywide entertainment tax that applies to admission fees, cover charges, the use of amusement devices or games (such as jukeboxes and pinball machines).

Rental Car taxes (fee, surcharge, levy) are another common source of revenue for bonding, in part because it can be presented as a tax paid by tourists. The current rate in Charlotte is 11%, adding 3% would create \$3.7 million, and 5% would create \$6.25 million that could be used for new debt service and/or dedicated to the operating costs of cultural facilities. Salt Lake City added 2.5% to their car rental tax in 2000-2001 for total revenue in 2001 of \$9,167,843. Another method is a set amount per day. Columbus, Ohio officials in the fall of 2002 were pushing for a \$4-per-day tax on rental cars that would raise \$6 million to \$10 million a year.

FEDERAL FUNDING

Charlotte may have areas that would qualify for federal funding that usually applies to communities and cities with low-income housing or blighted inner-city areas. The following are some of the federal areas that have provided support for capital construction of cultural facilities.

Economic Development Initiative (EDI) with HUD

Grants, loans, can also be tied to Brownfield’s Cleanup, Large economic development and revitalization projects, Increasing access to capital for entrepreneurs and small business has emerged as a key component of the job growth strategy of EDI

Glynn Center for the Performing Arts - Burlington Vermont

\$925,000 support for the expansion of the Center into a new building and restoration of the historic interior of the Theatre

Capitol Theater Renovation, Dover Delaware

\$412,500 to support renovation, restoration, preservation and expansion of historic Capitol Theatre to include a 600 seat auditorium, rehearsal hall, visual arts gallery, and a full complement of backstage support space

HOME – Home Investment Partnerships Program, HUD

fund activities that build, buy and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. Project are often in partnership with local nonprofit groups

\$2,545,000 Kansas City

Historic District at 18th and Vine – support for development of Historic District to include the Jazz Museum, Negro League Baseball Museum, Visitor Center, historic Gem Theater Cultural and Performing Arts Center. (\$12,500,000 in CDBG formula funding was also a part of this project.

Community Development block Grants (CDGG) to Entitlement Communities HUD

formula grants to cities with over 50,000 population to revitalize neighborhoods, expand affordable housing and economic opportunities and/or improve community facilities and services.

\$115,000 City of Columbus, GA

Liberty Theatre renovation – support for the renovations of the Liberty Theatre as the principal entertainment center of the Afro-American population – 300 seats and equipped for motion pictures and stage performances

HUD also awarded a Special Purpose Grant of \$1 million

\$100,000 Downtown Aurora Visual Arts – Colorado

to purchase building as part of inner city revitalization followed by a grant in the next year of \$45,000 to renovate adjacent parking lot.

Public Works Development facilities Program, Department of Commerce (DOC)

Grants to help distressed communities attract new industry, encourage business expansion, diversify local economies and generate long-term private sector jobs. Can include business incubator facilities

\$600,000 El Pueblo Museum, Pueblo, Colorado

support for improvements to the Museum and Archeological Dig

Economic Adjustment Program, Department of Commerce

tied to changes in economic situation resulting from industrial or corporate restructuring, natural disaster, reduction in defense expenditures, depletion of natural resources , or new federal laws of requirements.

\$7 million to Swans Marketplace Program – City of Oakland

support for a \$17 million project in Old Oakland that organizes a mix of residential units, office space and small retail and arts related uses around a shared courtyard construct a cultural center.