Designated Revenue to Fund the Arts & Cultural Sector
Frequently Asked Questions

Q. How can this tax be levied to support arts and culture?
A. In 2009, the N.C. General Assembly authorized all counties in the state to impose a quarter-penny sales tax, which is a fixed amount, for local uses if approved by the voters. The cultural sector is proposing that Mecklenburg County voters approve a quarter penny tax with 40 percent (estimated $20 million in 1st year) being designated to fund arts, science and history organizations and programs.

Q. How will the remaining 60% (estimated $30 million in 1st year) of funds be used, if approved?
A. The Mecklenburg Board of County Commissioners, along with County staff, are working to determine how those dollars will be allocated.

Q. What is the real daily impact of the quarter-penny sales tax?
A. If approved, the quarter penny would add 25 cents to a $100 purchase. The cultural sector would receive 10 cents of that amount.

Q. Why is the cultural sector asking for $20 million instead of the entire $50 million generated from the sales tax, if approved?
A. In short, because the sector does not need the full amount. The recommendation from the Designated Revenue Study Committee was to not just keep funding at a status quo level, due to the dramatic growth in population and demand for programs, but to identify a funding level that would transform the entire community’s interaction with art, science and history. Currently, ASC raises approximately $12 million from local governments and the private sector annually. The study committee determined that $20 million would both stabilize the sector and deliver arts, science and history experiences in an equitable way to all residents in Mecklenburg County. Additionally, sales tax revenues typically increase as the community’s population and spending increase, so the revenues are anticipated to increase in most years.

Q. A Reserve Fund will be established if dedicated public funding is secured. Will the Reserve Fund be used for ASC’s operations?
A. The purpose of the Reserve Fund is to protect against fluctuations in sales tax collections. This was a recommendation from other cities like Denver, Cincinnati and San Francisco that have designated revenue and it is also the standard practice with other designated revenue streams locally. The reserve fund will not support ASC operations.
Q. How will ASC’s operations be funded if the sales tax is approved?
A. Under the current proposal, ASC would receive an administrative fee to manage the distribution of funds and other services. However, the exact amount or percentage has not been determined. ASC would also use annual spendable amount from its endowment to support its operations. It is important to note that if voters approve the tax, ASC will no longer conduct an annual giving campaign as it has for 45+ years. Instead, donors would be encouraged to give directly to organizations of their choice. Additionally, ASC would no longer receive annual appropriations from the City of Charlotte, Mecklenburg County and the towns of Cornelius, Davidson, Huntersville, Matthews, Mint Hill and Pineville – returning over $5 million for use on other critical issues facing local government.

Q. Will ASC’s operations change if the sales tax is approved?
A. The Designated Revenue Study Committee recommended that ASC continue to oversee public dollars invested in arts, science and history organizations and programs as it has since 1975. However, they also recommended and the ASC Board concurred, that merely layering these new funds on the old distribution model was not the right approach. Instead, ASC would engage all stakeholders to determine how to meet goals articulated by the community in the 2014 Cultural Vision Plan (Building Community, Innovative and Relevant Programming for a Changing Population and Ensuring all students education is grounded in creativity and critical-thinking skills that are the currency of the 21st Century). The grounding recommendation of the Study Committee was that these funds must be distributed through the lens of cultural equity, in order to empower an inclusive and equitable community, engage all communities (geographic, racial and socioeconomic); and, support the role of all arts, science, and history providers in achieving cultural equity. A planning committee representing a diverse group of stakeholders is being organized to begin these conversations.

Q. Why can’t the private sector fund the cultural sector?
A. The private sector is supporting the cultural sector in many ways – corporate and foundation gifts, sponsorships and individual giving directly to the cultural institutions that they love and enjoy.

The issue we face is that the private sector giving platform that helped build the sector and provides the critical operational funding (which is difficult to raise from individual donors) is no longer working. This is most evident in the workplace giving campaign model, which has been in decline for some time and is no longer viable. Workplace gifts to ASC, primarily through payroll deduction, has dropped from a high of over $7 million to barely $2 million today. This is a nationwide trend and is affecting other organizations that have depended on workplace gifts through payroll deduction – like United Way.

Q. Under the new system – and assuming the sales tax provides ASC with a larger pot of money to distribute each year – how much will specific organizations receive? Will most of the money go to the larger, best-known organizations?
A. ASC will continue to receive funding requests from various organizations each year, which are reviewed by grant panels that weigh the merits of each against established criteria and then decide which organizations or programs are funded and at what level. At all times in the process, ASC will be mindful of its commitment to empower an inclusive and equitable
community, engage all communities (geographic, racial and socioeconomic); and, support the role of all arts, science, and history providers in achieving cultural equity. We are confident that availability of steady, reliable public revenue will foster a stronger cultural community at all levels.