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FOR IMMEDIATE RELEASE

SCFD Board Acts on Task Force Recommendations

At its May 28, 2015 regular meeting, the Scientific and Cultural Facilities District (SCFD) board of directors deliberated the twelve recommendations that were presented in April by the eighteen-member, board-appointed SCFD Renewal Task Force. These recommendations were the culmination of a nearly four-year process which involved over 350 volunteers who collectively donated more than 2500 hours to identify and evaluate options for addressing changes that have occurred during the SCFD's 26-year history of success and to ensure a strong and sustainable future SCFD.

Several of the recommendations adopted are simple clean-up measures. Others relate to stricter eligibility criteria for new organizations seeking SCFD funds, driven in part by a significant reduction in the quantity and type of information required of organizations seeking 501(c)(3) tax-exempt status. Some adopted recommendations address the evolution of SCFD, the expanded fields of science, changes in the arts and technology, broader opportunities for public engagement, and the growth in geographic and programmatic diversity over the past 26 years. Growth was also a factor in adopting the task force recommendation to increase the amount of funding for administrative operations from .75% to 1.5%

The SCFD board adopted the task force-recommended formulas for distribution of the one penny on ten dollars sales and use tax. These formulas reflect the history of SCFD, the importance of maintaining valuable collections and cultural assets for future residents, the economic impact of cultural organizations and the variety of ways the public is served. The tax

levy modification from the current formula is projected to significantly increase the distribution of funds to mid-size (tier two levy) and smaller (tier three levy) groups commencing in 2018, when the new formula would take effect, and continuing to 2030, the potential new sunset date. Between 2018 and 2030, under models implementing the adopted formula as compared to the current distribution formula,

- Funds to large (tier I) organizations would decrease by \$37.3 million.
- Funds distributed to mid-size groups (tier II) would increase by \$22 million.
- Funds distributed to smaller organizations (tier III) would increase by \$15.3 million.

Like the current formula, the adopted formula would apply a bifurcated calculation, i.e., the first \$38 million in revenue collected is distributed by one formula, and the revenue above \$38 million is distributed by a different formula. Under the adopted recommended formula, the percent of revenue up to \$38 million to tier I organizations would drop from 65.5% to 64%, the percent to tier II organizations would increase from 21 to 22% and the percent to tier III organizations would increase from 13.5% to 14%. The revenue above \$38 million would decrease from 64% to 57% for tier I, would increase from 22% to 26% for tier II and would increase from 14% to 17% to tier III. Over the 12-year period, mid-size (tier II) organizations would share approximately \$220 million while smaller organizations (tier III) would share approximately \$142 million. These revenue projections are based on a 10-year annual average revenue increase of 3.6%. Over SCFD's 26-year history revenue increases have averaged more than 5% annually. In 2014, SCFD distributed \$52 million to approximately 300 organizations.

The SCFD board of directors carefully considered all task force recommendations as well as public comment submitted throughout the process, keeping in mind the board's two primary

goals: serve the public well and ensure a strong and sustainable SCFD. These changes will be presented in a legislative bill to the 2016 general assembly which will then determine what goes forward to the voters in November, 2016. Board action on each recommendation is identified in the table below.

Task Force Recommendations Disposition
Update statutory language to exclude the ability of Tier II's to apply for Tier III funding. <i>Adopted unanimously</i>
Allow maximum of two SCFD eligible organizations per local government TIN or FEIN. <i>Adopted unanimously</i>
Redefine <i>cultural</i> and <i>scientific</i> facilities in statute to allow broader, more flexible eligibility categories that uphold original statutory intent while providing flexibility to adjust for future changes and ways of serving and engaging the public. <i>Adopted unanimously</i>
Update statutory language to state that Council members may consider financial and organizational capacity in funding decisions. <i>Adopted unanimously</i>
Modify Tier II Threshold Adjustment Factor by using trailing two-year CPI. <i>Adopted unanimously</i>
Modify Tier II Intra-Tier Distribution by adding documented free attendance to current formula. Give board ability to determine the weighting of the three factors (paid attendance, documented free attendance, revenue). <i>Adopted unanimously</i>
Add Regional Service Requirement, as defined in board policy, to eligibility criteria for Tier II. <i>Adopted unanimously following minor amendment.</i>
Add to SCFD Tier III Eligibility minimum operating income threshold of \$25,000 or 10 years of existence as 501(c)(3) serving the public for new eligibility applicants. <i>Was not adopted.</i>
Modify SCFD Tier II and Tier III Eligibility Requirements to increase years of existence serving the public as a 501(c)(3) from 5 to 7 years for Tier II and from 3 to 5 years for Tier III, grandfathering in currently eligible organizations. <i>Adopted 10 to 1 after amendment regarding grandfathering.</i>
Modify Tax Levy Allocations Between Tiers to 64/22/14 up to \$38m and 57/26/17 above \$38m. <i>Adopted 10 to 1</i>
Modify Tier I Intra-Tier percentages per Tier I agreement. <i>Adopted unanimously</i>
Increase SCFD Administrative Percentage to 1.5. <i>Adopted unanimously</i>

Denver Metro area voters created the Scientific & Cultural Facilities District in 1988 and approved a 1¢ on \$10 sales and use tax to provide for the enlightenment, entertainment, and education of the public. Scientific and cultural facilities accomplish this through the production, presentation, exhibition, advancement or preservation of art, music, theater, dance, zoology, botany, natural history or cultural history.

The SCFD was renewed by regional voters in 1994 and 2004. In 2016, voters will again have the opportunity to approve this initiative which supports nearly 300 arts, science and cultural organizations so they can provide and expand access and programs for the public. Counties comprising the Scientific and Cultural Facilities District include Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas (except for Castle Rock and Larkspur) and Jefferson.