

2025-2026 PROPOSED BUDGET POLICY CONSIDERATIONS PAPER

OFFICE OF ARTS AND CULTURE

Central Staff Analyst: Asha Venkataraman

This paper highlights selected policy considerations related to the Office of Arts and Culture's (ARTS) 2025-2026 Proposed Budget. Considerations included here are not intended to be exhaustive and others may surface as Central Staff continues its analysis of the proposed budget. For more information about ARTS's 2025-2026 Proposed Budget, please see the 2025-2026 Proposed Budget Overview Papers.

Background

[State law](#) allows the City to collect a tax on admissions to events across Seattle and the revenue from that tax fully funds ARTS. The City has collected a 5 percent admissions tax since 2000 and appropriates the revenues to support arts-related purposes. In addition, in December 2023, the King County Council passed legislation imposing a 0.1 percent sales tax to increase funding to arts, heritage, scientific, and historic preservation organizations, described further below.¹

Doors Open²

The Doors Open tax is anticipated to collect \$100 million annually, with at least 25 percent of funding going to organizations outside of Seattle.³ Entities eligible for funding must be King County-based non-profit organizations⁴ whose primary purpose is advancement and preservation of science or technology, the visual or performing arts, including zoology, botany, anthropology, heritage, or natural history and who make programming and experiences available to the general public. Individual artists are not eligible for direct funding. Application deadlines for 2025 one-time operating and capital grants occurred in September and notification of awards will occur in December. Additional programs will be included in subsequent grant cycles, with additional criteria. The King County Council is currently considering the [implementation plan](#) for Doors Open. Understanding the opportunities for new funding that Doors Open represents, the Council may want to explore how the City uses its funding to support arts organizations.

¹ King County Council, Ordinance 19710 (passed Dec. 5, 2023) available at

<https://kingcounty.legistar.com/LegislationDetail.aspx?ID=6362399&GUID=64E53459-40A9-4740-9F6B-6F276A6F0FE4>.

² Doors Open programs for the 2024-2025 grant cycle are "Sustained Support," which provides one-year, unrestricted funding to meet the day-to-day needs of arts, preservation, heritage, and science and technology organizations and "Doors Open Facilities," which help organizations acquire, build, or renovate the brick-and-mortar buildings and spaces that make cultural experiences possible.

³ See 4Culture, [Doors Open](https://www.4culture.org/doors-open/), available at <https://www.4culture.org/doors-open/>.

⁴ Organizations that meet the state definition of non-profits but are not 501(c)(3) organizations may be eligible with a fiscal sponsor that meets eligibility requirements. Doors Open eligibility excludes individual artists, heritage professionals, and independent science and cultural workers, agencies of the state or any of its political subdivisions, any municipal corporation, any organization that raises money for redistribution to multiple cultural organizations, or any radio or television broadcasting network or station, cable communications system, Internet-based communications venture or service, newspaper, or magazine.
Id.

Policy Considerations

1. Appropriating admissions tax funding to Seattle Parks and Recreation (SPR) and Seattle Center (CEN) on an ongoing basis

The 2025-2026 Proposed Budget would appropriate \$884,000 of admissions tax proceeds to SPR in 2025 and \$900,000 in 2026 for Downtown Buskers, Arts in Parks, and the Teen Performing Arts Program. It would appropriate \$1.25 million of admissions tax proceeds to Seattle Center in 2025 and \$1.3 million in 2026 for Festál, the Northwest Folklife Festival, and for cultural administration staff managing Festál. See the SPR and CEN Budget Overview Papers for more detail. Admissions tax revenue would replace General Fund or Seattle Center Fund support for programs and staff in these departments and make the replaced funds available for other purposes on an ongoing basis. Since the 2019 Adopted Budget, admissions tax revenue has supported a portion of the costs (\$460,000) to support Festál at the Seattle Center. The 2024 Adopted Budget included \$764,000 of one-time admissions tax revenue to support Festál and the Northwest Folklife Festival.

This would be the first time the City has directly appropriated admissions tax funds to these departments on an ongoing basis. This change would require amendments to SMC [5.40.120](#), which states that all admissions tax proceeds must be appropriated to the Arts and Culture Fund and to ARTS (see Budget Legislation below). The funds would support staff and programming in these departments previously supported by General Fund or Seattle Center Fund, making less admissions tax revenue available on a permanent basis for other arts-related purposes such as grants funding to arts and culture organizations. Seattle's arts sector is still struggling to recover from the impacts of the pandemic, reflected by the proposal in the 2025-2026 Proposed Budget to add \$2 million in 2025 and in 2026 for challenged organizations to address a wider need for almost \$44 million. Additionally, historically high inflation has decreased the purchasing power of existing dollars. Given these factors, the Council may want to consider whether it wants to use admissions tax revenue to provide ongoing support to other departments.

The Council could consider approving this swap one-time for 2025 or for the biennium rather than ongoing so it can continue to consider the state of need for arts and culture funding through ARTS programs in the next biennium, including but not limited to information about how Doors Open is impacting the funding landscape and the Council's decision regarding the proposed legislation amending admissions tax policies.

Options:

- A. Make appropriations swapping admissions tax for General Fund and Seattle Center funds for these programs one-time for 2025 or for the biennium rather than ongoing.
- B. No change.

2. Downtown Activation Plan (DAP) funding

The 2025-2026 Proposed Budget would appropriate \$2.5 million of one-time admissions tax funds in 2025 to support DAP, for implementation in 2026. See the Office of Economic Development Policy Considerations Paper Attachment 2 for a complete description of DAP investments in the 2025-2026 Proposed Budget. The budget describes the following uses for these funds as follows:

- Neighborhood Arts, Culture, and Festival Activations (\$495,000): performances and temporary installations to activate Cal Anderson Park (LGBTQ+ culture); Sam Smith Park (Black culture); Jefferson Park (Asian-American and Pacific Islander culture); and Discovery Park (Native culture).
- Community Engagement and Cultural Inclusion (\$530,000): grant opportunities to develop activations to attract visitors to neighborhoods, showcasing their history and cultural diversity.
- HopeCorps: Activations and Installations (\$356,000): events or activations to continue DAP HopeCorps investments focused on the Chinatown-International District, Little Saigon, King Street Station, Union Street Plaza, and Pioneer Square. The 2024 Adopted Budget included \$1 million in one-time admissions tax funds for HopeCorps activation downtown.
- Visual Arts Installation at Benaroya Hall (\$195,000): art installations in conjunction with Seattle Department of Transportation and other City strategies to improve safety and walkability of 3rd Avenue between King Street Station and Benaroya Hall.
- Alleyway Activations - Visual Art Installations (\$160,000): activating alleys to draw the public to underutilized spaces.
- Union and King Street Station Plaza Visual Art installations and Performance Events (\$795,000): continuation of 2024 DAP funding to support Pioneer Square and the Chinatown-International District while activating transit stations. The 2024 Adopted Budget included \$1 million in one-time admissions tax funds for activations in and around King Street Station.

Most of these investments are specific to Downtown or neighborhoods adjacent to Downtown. The Council may wish to change or expand the locations to which these funds apply or provide more specific direction to advance its priorities. The Council could also scale or use these funds to instead restore proposed reductions to ARTS, increase appropriations to existing ARTS grant programs, supplement funding for challenged arts and culture institutions, or other arts-related Council priorities. The Council may want to consider the changing funding landscape implicated by Doors Open in these decisions.

Options:

- A. Reduce proposed appropriations and use funding for other Council priorities
- B. Impose a proviso on proposed appropriations to align with Council priorities.
- C. No change.

Budget Legislation

1. CBO Admissions Tax 2024 Amendments ORD

Since the formation of ARTS in 2002, the share of admissions tax revenue appropriated directly to ARTS has gradually increased, from 20 percent in 2002 to 100 percent in 2018.⁵ At various times the City has passed legislation to temporarily reprogram portions of the admissions tax revenue for other purposes, in response to economic conditions or fiscal concerns.⁶

Currently, SMC 5.40.120 requires that all admissions tax funds be deposited in the Arts and Culture Fund and appropriated to ARTS for:

- Arts-related programs and one-time capital expenditures that keep artists living, working, and creatively challenged in Seattle;
- Initiatives and programs to build community through the arts and create opportunities for the public to intersect with artists and their work;
- Initiatives and programs that provide art opportunities for youth in and out of school; and
- Payment of the City's rent adjustment obligations to Seattle Arena.

Admissions tax funds are currently allocated to departments other than ARTS through interdepartmental agreements or with ARTS as a pass through, billing back to ARTS for reimbursement. Funds are first appropriated to ARTS and can then be used by other departments, as is currently the case for CEN and SPR. Regardless of whether the Council passes this legislation, other departments could continue to use admissions tax for arts-related purposes.

This legislation would amend the code to allow: 1) admissions tax funds to be appropriated to ARTS for the operation of the office in addition to the purposes described above; and 2) any revenues collected from the admissions tax to be appropriated to any department to use for arts-related purposes. Appropriating funds directly to the department receiving them increases budget transparency and is aligned with how other funds throughout the City are appropriated. However, ARTS would no longer have the primary oversight function that it currently exercises over all of admissions tax inherent to direct appropriation of funds to the department with relevant subject matter expertise. The Council may want to consider engaging in a longer-term discussion with ARTS about the impacts that would result from such a policy change, unintended or otherwise, on its office, of other departments using admissions tax without collaboration with ARTS, and on the arts and culture community more broadly.

Given that Doors Open is available to organizations but not individual artists, the Council may want to wait to make ongoing changes to admissions tax policy to consider the impacts of a changed funding landscape once the Doors Open implementation plan is approved by King County and funds are awarded in December 2024. More broadly, the City may want to consider how grant

⁵ [In 2002](#), ARTS was appropriated 20 percent of the tax; [in 2009](#), the appropriation increased to 75 percent; and in [2015](#), the appropriation successively increased to 100 percent (80 percent in 2016, 90 percent in 2017, and 100 percent in 2018 and onwards). The City passed [legislation](#) in 2018 that allowed the use of admissions tax to accommodate contract obligations related to the redevelopment of arena space into Climate Pledge arena.

⁶ See [ORD 120975](#) (2002) (excluding receipts from men's professional football and baseball games for appropriation to the Arts account for 2001); [ORD 121657](#) (2004) (decreasing appropriations from 20 percent to 15 percent for 2005); [ORD 123460](#) (2010) (appropriating 25 percent of the 75 percent going to ARTS to Seattle Parks and Recreation for 2011).

programming is structured to support individual artists; ARTS is in the process of finalizing its internal strategic plan, and the Council may want to review it before making changes to admissions tax policy. Unlike previous legislation, this legislation does not limit the ability to appropriate admissions tax revenue to other departments either through a time restriction or a percentage allocation, a strategy the Council may also want to consider.⁷

SMC 5.40.120.C currently directs ARTS to develop policies for using funds in the Arts and Culture Fund, including fiscal policies regarding retaining revenues to ensure the long-term fiscal health of ARTS funding obligations, and submit them to the Council via resolution for adoption. This section also directs ARTS to update these policies to address ongoing budget needs and priorities.⁸ The proposed bill would remove this requirement and a requirement that the Seattle Arts Commission (SAC) be able to comment on drafts of policies. While striking this section would not preclude ARTS from making updates to reserve policies in the future, it would remove the requirement for consultation with SAC in the drafting process and Council approval via resolution. The Executive has indicated that it does not believe any other department is currently required to share draft policy revisions with external stakeholders.

If the Council does not pass this legislation, all admissions tax funds will continue to be appropriated to ARTS, and ARTS will need to continue sending policy updates to Council for its approval in consultation with the SAC. Rather than directly appropriating funds to support other departments in the 2025-2026 Proposed Budget (including \$884,000 that would fund arts-related programs in SPR and \$1.25 million that would fund arts-related programs at Seattle Center described above), these funds would need to be re-appropriated to ARTS, either for potential further allocation to other departments or for retention in ARTS for other purposes (see Policy Consideration 1).

Options:

- A. Pass the legislation as transmitted.
- B. Amend and pass the legislation as amended.
 - 1. Limit the scope of the changes or timeline:
 - a. Include a sunset date or time-limited period for admissions tax to be appropriated to any department.
 - b. Choose a minimum percentage of admissions tax to be guaranteed to ARTS with the remaining amounts to be available to be appropriated to other departments, with or without a sunset date or time limit.
 - 2. Do not strike 5.40.120.C and require updates to ARTS fiscal policies to continue receiving Council approval with consultation with the Seattle Arts Commission.
- C. Do not pass.

⁷ See FN 5, *supra*.

⁸ Adopted in 2011, [Resolution 31327](#) established financial policies for minimum reserves and the Council subsequently adopted revisions to those financial reserve policies through Resolutions [31507](#) in 2014 and Resolution [31976](#) in 2020.