Agenda - Council - October 26, 2005

Report - Standing Committee on Fiscal Issues - October 11, 2005

Item No. 1 Entertainment Funding By-law Exemption
File FL-6

STANDING COMMITTEE RECOMMENDATION:

On October 19, 2005, the Executive Policy Committee concurred in the recommendation of the Standing Committee on Fiscal Issues and submits the following to Council:

1. That the following amusement and/or place of amusement, which meets the criteria set forth in Schedule "B" of The Entertainment Funding By-law No. 7710/2000, be listed in Schedule "A":

   A. Art City Inc.

2. That the following amusement and/or place of amusement, which does not meet the criteria set forth in Schedule "B" of The Entertainment Funding By-law No. 7710/2000, be denied listing in Schedule "A":

   A. Art City Inc. for the event titled, "Art City Fundraiser Social" held on September 24, 2005 at The Local, 112 Market Avenue.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Council - October 26, 2005

Report - Standing Committee on Fiscal Issues - October 11, 2005

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 19, 2005, the Executive Policy Committee concurred in the recommendation of the Standing Committee on Fiscal Issues and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On October 11, 2005, the Standing Committee on Fiscal Issues concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

RE: RECOMMENDATION FOR ENTERTAINMENT FUNDING BY-LAW EXEMPTION – OCTOBER 2005

FOR SUBMISSION TO: STANDING COMMITTEE ON FISCAL ISSUES

ORIGINAL REPORT SIGNED BY: CHIEF FINANCIAL OFFICER

REPORT DATE: September 30, 2005

RECOMMENDATION(S):

That the following amusement and/or place of amusement, which **meets** the criteria set forth in Schedule "B" of The Entertainment Funding By-law No. 7710/2000, be recommended to Council for listing in Schedule "A":

1. Art City Inc.

That the following amusement and/or place of amusement, which **does not meet** the criteria set forth in Schedule "B" of The Entertainment Funding By-law No. 7710/2000, be denied listing in Schedule "A":

2. Art City Inc. for the event titled, "Art City Fundraiser Social" held on September 24, 2005 at The Local, 112 Market Avenue.

REPORT SUMMARY:

Key Issue(s):

The Administrative recommendations contained within this report have been made in accordance with the criteria set forth in the Entertainment Funding By-law No. 7710/2000.

Notwithstanding these recommendations, particularly the recommendation that denies a listing under Schedule "A", the Charter contains provisions, which would allow Council to cancel the entertainment funding tax for amusements and/or places of amusement, which would otherwise be subject to the tax.

Implications of the Recommendation(s):

General Implications

	None
	For the organization overall and/or for other departments
X	**For the community and/or organizations external to the City**
	Involves a multi-year contract

Comment(s): Council may exercise its discretion and approve exemptions on amusements that fall outside the listing principles contained in the By-law.

Policy Implications

x	**No**
	Yes

Comment(s):

Environmental Implications:

x	**No**
	Yes

Comment(s):

Human Resources Implications:

x	**No**
	Yes

Comment(s):

Financial implications

x	**Within approved current and/or capital budget**
	Current and/or capital budget adjustment required

Comment(s): The financial impact of an approved application for exemption from the Entertainment Funding Tax is unknown. The tax revenue that could be generated from future events cannot be quantified.

REASON FOR THE REPORT:

Council must approve all Entertainment Funding By-law exemptions and may consider providing exemptions, or the cancellation of taxes owing, for amusements that would otherwise be denied an exemption.

HISTORY:

The Entertainment Funding By-law No. 7710/2000 was adopted in September 2000, wherein the former Amusement Tax By-law was replaced. A report to the Standing Committee on Fiscal Issues is prepared for each scheduled meeting if an application for exemption is received. The report was first submitted for the meeting of January 16, 2001 and for each meeting thereafter as required.

DISCUSSION:

An amusement or place of amusement may be listed in Schedule "A" where an organization has submitted an application for exemption. Listings are intended to assist locally based charitable and not-for-profit cultural or athletic organizations in producing entertainment and sporting events with admission prices at a level which will encourage a broad audience. Listings are not intended to apply where an amusement is held for fund raising events in which the performers or promoters profit or where the exemption would result in for-profit gains.

The Administration has conducted a thorough review of the application received for exemption from the Entertainment Funding By-law in accordance with the criteria set forth in Schedules "A" and "B" of By-law No. 7710/2000.

Recommended for Exemption

The following amusement and/or place of amusement is being recommended for exemption listing in Schedule "A":

1. ***Art City Inc.***

Not Recommended for Exemption

The following amusement and/or place of amusement is not recommended for exemption listing in Schedule "A": (Appendix "I" of this Report provides a table further illustrating the eligibility criteria that was not met.)

2. ***Art City Inc. for the event titled, "Art City Fundraiser Social" held on September 24, 2005 at The Local, 112 Market Avenue.***

Art City Inc. submitted an application for exemption from the entertainment funding tax for their event “Art City Fundraising Social,” which was held on September 24, 2005. It is recommended that this application be denied exemption as the event has paid each performer more than $50 as allowed by the By-law.

In addition to not meeting the criteria set forth in the By-law the event was held on September 24, 2005 prior to the October Council meeting (see Appendix “I”). The By-law does not contain provisions which would allow for the retroactive listing of an amusement.

If Council supports this recommendation, this organization will be required to submit the entertainment funding tax for this event.

FINANCIAL IMPACT STATEMENT - Date: September 28, 2005

The financial impact of approving an application for exemption from the entertainment funding tax is unknown for the listed event. The tax revenue that could be generated from this event cannot be quantified because the event has not yet occurred.

"Original signed by Carrie Erickson"
Carrie Erickson
Manager of Finance & Administration

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

THIS REPORT SUBMITTED BY:

Corporate Finance Department
Taxation & Revenue
Prepared by: Robert Weselowski, Manager of Taxation and Revenue
File No. Fiscal Issues Entertainment Funding October 2005.doc

APPENDIX "I"

Name of Organization	Name of Event	Criteria Not Satisfied
Art City Inc.	• Art City Fundraising Social	Fund raising activity - Schedule "B" Section 3(c): • individuals participating in the amusement each receive no more than $50.00 in remuneration for their services, in addition to reimbursement for reasonable expenses related to their participation in the amusement. • Individuals participating in this event received remuneration in excess of $50. Event will be held, prior to Council's October 26, 2005 meeting. • The By-law does not contain provisions, which would allow for the retroactive listing of an amusement.