Agenda - Council - November 23, 2005

Report - Standing Committee on Fiscal Issues - November 8, 2005

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

STANDING COMMITTEE RECOMMENDATION:

On November 16, 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 amusements and/or places of amusement, which meet the criteria set forth in Schedule "B" of The Entertainment Funding By-law No. 7710/2000, be listed in Schedule "A":

   A. Orlan Ukrainian Folk Ensemble Inc.

   B. Seven Oaks Education Foundation Inc.

2. That pursuant to Section 347 of The City of Winnipeg Charter the taxes owing with respect to the following events be cancelled, namely:

   A. The Seven Oaks Education Foundation Inc. for the fundraising event "Gala Dinner" held on October 29, 2005 at the Hotel Fort Garry; and

   B. The Winnipeg Art Gallery for the fundraising event entitled "Art and Soul" held on October 15, 2005 at the Winnipeg Art Gallery.

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

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DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 16, 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 November 8, 2005, the Standing Committee on Fiscal Issues concurred in the administrative recommendation as amended, namely:

- Administrative recommendations 1 and 2 recommending that amusements and/or places of amusement which meet the criteria set forth in Schedule "B" of The Entertainment Funding By-law No. 7710/2000 be listed in Schedule "A", be concurred in.

- Administrative recommendations 3 and 4 recommending that amusements and/or places of amusement which do not meet the criteria set forth in Schedule "B" of The Entertainment Funding By-law No. 7710/2000 be denied listing in Schedule "A", not be concurred in,

and submitted the matter to the Executive Policy Committee and Council.

Further, on November 8, 2005, the Standing Committee on Fiscal Issues passed the following motion:

WHEREAS the Entertainment Funding By-law No. 7710/2000 ("the By-law") imposes a tax upon persons attending places of amusement;

AND WHEREAS section 6 of the By-law provides that no person shall be required to pay for attending an amusement, or place of amusement, that is listed in Schedule "A" of the By-law;

AND WHEREAS the Seven Oaks Education Foundation Inc. has submitted an application for exemption of its fundraising event "Gala Dinner" held on October 29, 2005 at the Hotel Fort Garry which monies are owing and payable to the City in respect of amusement tax relating to that event;

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DECISION MAKING HISTORY (continued):

AND WHEREAS The Winnipeg Art Gallery has submitted an application for exemption for its fundraising event entitled “Art and Soul” held on October 15, 2005 at the Winnipeg Art Gallery which monies are owing and payable to the City in respect of amusement tax relating to that event;

AND WHEREAS section 347 of The City of Winnipeg Charter provides that Council may, by by-law, cancel in whole or in part any taxes or any debt or money owing to the City;

THEREFORE BE IT RESOLVED THAT pursuant to section 347 of The City of Winnipeg Charter the taxes owing in respect of the Seven Oaks Education Foundation Inc.’s fundraising event “Gala Dinner” held on October 29, 2005 be cancelled;

AND BE IT FURTHER RESOLVED THAT pursuant to section 347 of The City of Winnipeg Charter the taxes owing in respect of the Winnipeg Art Gallery’s fundraising event entitled “Art and Soul” held on October 15, 2005 be cancelled.

ADMINISTRATIVE REPORT

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

FOR SUBMISSION TO: STANDING COMMITTEE ON FISCAL ISSUES

ORIGINAL REPORT SIGNED BY: CHIEF FINANCIAL OFFICER

REPORT DATE: October 28, 2005

RECOMMENDATION(S):

That the following amusements and/or places of amusement, which **meet** 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. Orlan Ukrainian Folk Ensemble.

2. Seven Oaks Education Foundation Inc.

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

3. Seven Oaks Education Foundation Inc. for the fundraising event "Gala Dinner" held on October 29, 2005 at the Hotel Fort Garry.

4. The Winnipeg Art Gallery for the fundraising event entitled "Art and Soul" held on October 15, 2005 at the Winnipeg Art Gallery.

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 applications 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 amusements and/or places of amusement are being recommended for exemption listing in Schedule "A":

1. ***Orlan Ukrainian Folk Ensemble.***

2. ***Seven Oaks Education Foundation Inc.***

Not Recommended for Exemption

The following amusements and/or places of amusement are 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.)

3. Seven Oaks Education Foundation Inc. for the fundraising event titled, "Gala Dinner" held on October 29, 2005 at the Hotel Fort Garry.

Seven Oaks Education Foundation Inc. submitted an application for exemption from the entertainment funding tax for their event "Gala Dinner," which is to be held on October 29, 2005. It is recommended that this application be denied exemption as the event will pay 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 is to be held on October 29, 2005 prior to the November 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.

4. The Winnipeg Art Gallery for the fundraising event entitled, "Art and Soul" held on October 15, 2005 at the Winnipeg Art Gallery.

The Winnipeg Art Gallery submitted an application for exemption from the entertainment funding tax for their event "Art and Soul," which was held on October 15, 2005. Not withstanding that the Winnipeg Art Gallery has a general exemption from the Entertainment Funding Tax, 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 October 15, 2005 prior to the November 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: October 26, 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 these events 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 November 2005.doc

APPENDIX "I"

Name of Organization	Name of Event	Criteria Not Satisfied
Seven Oaks Education Foundation Inc.	• Gala Dinner	Fund raising activity - Schedule "B" Section 3(c): • Individuals participating in the amusement each receive no more than $50 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 November 23, 2005 meeting. • The By-law does not contain provisions which would allow for the retroactive listing of an amusement.
The Winnipeg Art Gallery	• Art and Soul	Fund raising activity - Schedule "B" Section 3(c): • Individuals participating in the amusement each receive no more than $50 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 November 23, 2005 meeting. • The By-law does not contain provisions which would allow for the retroactive listing of an amusement.