Agenda - Council - December 14, 2005

Report - Standing Committee on Fiscal Issues - December 6, 2005

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

STANDING COMMITTEE RECOMMENDATION:

On December 7, 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. Comhaltas Winnipeg Inc.

   B. La Radio Communautaire du Manitoba 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. La Radio Communautaire du Manitoba Inc. for the fundraising event entitled "Le 'Chaud' de l'hiver" which was held on January 15, 2005, at the Franco-Manitobain Cultural Centre.

   B. Comhaltas Winnipeg Inc. for the event entitled "The Annual Winnipeg Irish Festival" which was held on September 10 and 11, 2005, at the Canadian Mennonite University.

3. 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":

   A. Multiple Sclerosis Society of Canada, Manitoba Division for the event entitled "Surely You Jest - Blinds are Beautiful Knight of Comedy and Surprises for MS" to be held on February 16, 2006 at the Hotel Fort Garry.

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

Report - Standing Committee on Fiscal Issues - December 6, 2005

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 7, 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 December 6, 2005, the Standing Committee on Fiscal Issues concurred in the administrative recommendation, with the following amendment, namely:

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

  La Radio Communautaire du Manitoba Inc. for the fundraising event entitled "Le 'Chaud' de l'hiver" which was held on January 15, 2005, at the Franco- Manitobain Cultural Centre.

  Comhaltas Winnipeg Inc. for the event entitled "The Annual Winnipeg Irish Festival" which was held on September 10 and 11, 2005, at the Canadian Mennonite University,

and submitted its recommendation to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

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

FOR SUBMISSION TO: STANDING COMMITTEE ON FISCAL ISSUES

ORIGINAL REPORT SIGNED BY: CHIEF FINANCIAL OFFICER

REPORT DATE: November 25, 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":

C. Comhaltas Winnipeg Inc.

D. La Radio Communautaire du Manitoba 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":

E. La Radio Communautaire du Manitoba Inc. for the fundraising event entitled "Le 'Chaud' de l'hiver" which was held on January 15, 2005 at the Franco-Manitobain Cultural Centre.

F. Comhaltas Winnipeg Inc. for the event entitled "The Annual Winnipeg Irish Festival" which was held on September 10 and 11, 2005 at the Canadian Mennonite University.

G. Multiple Sclerosis Society of Canada, Manitoba Division for the event entitled "Surely You Jest – Blinds are Beautiful Knight of Comedy & Surprises for MS" to be held on February 16, 2006 at the Hotel Fort Garry.

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 those recommendations that deny 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 that 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. ***Comhaltas Winnipeg Inc.***

2. ***La Radio Communautaire du Manitoba 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. La Radio Communautaire du Manitoba Inc. for the event entitled "Le 'Chaud' de l'hiver" which was held on January 15, 2005 at the Franco-Manitobain Cultural Centre.

La Radio Communautaire du Manitoba Inc. submitted an application for exemption from the entertainment funding tax for their fundraising event "Le 'Chaud' de l'hiver", which was held on January 15, 2005 at the Franco-Manitobain Cultural Centre. It is recommended that this application be denied exemption as the event was held prior to the December 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.

It is further noted that the event meets the criteria for exemption but is being recommended for denial based on the fact the event was held prior to Council's exemption listing of the event.

4. Comhaltas Winnipeg Inc. for the event entitled "The Annual Winnipeg Irish Festival" which was held on September 10 and 11, 2005 at the Canadian Mennonite University.

Comhaltas Winnipeg Inc. previously submitted its application for exemption from the entertainment funding tax for their event entitled "The Annual Winnipeg Irish Festival" which was held on September 10 and 11, 2005 at the Canadian Mennonite University. This application was denied exemption by Council on September 28, 2005 based on the administration's recommendations that the event was held prior to the September Council meeting and the organization had not gained not-for-profit status. The organization was granted not-for-profit status on September 23, 2005, however this fact was unknown at the time Council met in September.

Comhaltas Winnipeg Inc. recently asked Council to reconsider its decision of not granting the festival the tax exemption (letter attached as Appendix II). Although the festival meets the requirements for exemption as stipulated in the By-law, it is recommended that this application be denied exemption as the event was held on September 10 and 11, 2005 prior to the December 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. However, should Council wish to provide financial relief as requested by this organization, the taxes owing for the event held on

September 10 and 11, 2005 could be cancelled, by by-law, pursuant to section 347 of The City of Winnipeg Charter.

5. Multiple Sclerosis Society of Canada, Manitoba Division for the fundraising event entitled " Surely You Jest – Blinds are Beautiful Knight of Comedy & Surprises for MS" to be held on February 16, 2006 at the Hotel Fort Garry.

Multiple Sclerosis Society of Canada, Manitoba Division submitted an application for exemption from the entertainment funding tax for their fundraising event entitled " Surely You Jest – Blinds are Beautiful Knight of Comedy & Surprises for MS" to be held on February 16, 2006 at the Hotel Fort Garry.

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 this requirement, the event does not meet the 60% Local Content requirement of the By-Law.

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

FINANCIAL IMPACT STATEMENT - Date: November 25, 2005

The financial impact of approving an application for exemption from the entertainment funding tax is unknown for the listed events. The tax revenue that could be generated from these events cannot be quantified because the events have 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 December 2005.doc

APPENDIX "I"

Name of Organization	Name of Event	Criteria Not Satisfied
La Radio Communautaire du Manitoba Inc.	"Le 'Chaud' de l'hiver" which was held at the Franco-Manitobain Cultural Centre on January 15, 2005	Event was held prior to Council's December 14, 2005 meeting. • The By-law does not contain provisions which would allow for the retroactive listing of an amusement.
Comhaltas Winnipeg Inc.	"The Annual Winnipeg Irish Festival" which was held at the Canadian Mennonite University on September 10 and 11, 2005	Event was held prior to Council's December 14, 2005 meeting. • The By-law does not contain provisions which would allow for the retroactive listing of an amusement.
Multiple Sclerosis Society of Canada, Manitoba Division	"Surely You Jest – Blinds are Beautiful Knight of Comedy & Surprises for MS" to be held at the Hotel Fort Garry on February 16, 2006	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 will receive $10,000 remuneration which exceeds the above requirement. Pursuant to By-law No. 7710/2000, Section 3 under Limited Local Content: • For the purposes of this by-law, where more than 40% of the performers involved in the performance of an amusement do not reside within Winnipeg, the amusement is deemed to have "limited local content." • This event has 30% Local Content.

APPENDIX "II"

COMHALTAS WINNIPEG

To: Winnipeg City Council
From: Susan Hammer, PRO Comhaltas Winnipeg
117 Norquay St., Winnipeg, MB R3L 2G3
Phone: 474-0306 Email: suasnhammer@shaw.ca

Re:

- **Re-application for Entertainment Funding Tax Exemption**
- **Cancellation of taxes owed for 2005 Winnipeg Irish Festival**

Dear Council Members,

I am writing on behalf of my organization for which I am Public Relations Officer.

We have received a letter from the Corporate Finance Department advising us that our application for general exemption and for exemption for our annual Winnipeg Irish Festival was denied due to the fact that the organization was not incorporated as a non-profit organization and that our event was held prior to Council's September 28th, 2005 meeting. We were also informed that we owe taxes on our September 10th & 11th Winnipeg Irish Festival.

We are now incorporated as a non-profit organization; proof of status is attached.

At the time of our tax exemption application at the end of July, we were already in the process of applying for incorporation but the process was delayed as we were awaiting a letter from the Ottawa Chapter of our organization giving their permission to use the Comhaltas name.

We only learned about the Entertainment Funding Tax at the end of July, and as our Festival was only six weeks away, tickets and posters were printed, artists and venues booked and artists airfares purchased, it was too late to include the tax in our admission price Consequently we were not able to collect the tax. It was also unfortunate for us that Council did not meet in August, and that our application would not be viewed until the September Council meeting, after our event had taken place.

It would be a great financial hardship for members of our organization to pay this tax out of our own pockets, especially as all our members worked so hard and volunteered so many hours and much talent to bring this cultural and educational event to Winnipeg. For these reasons, Comhaltas Winnipeg is asking Council to cancel all entertainment taxes owed to the City from the 2005 Winnipeg Irish Festival.

Comhaltas Winnipeg is a non profit, ethno-cultural organization of approximately 40 members (single and family) with the aim of promoting Irish Traditional Music, Dance,

Language and Culture through educational and performance activities. We are the local chapter of an international cultural organization based in Dublin, Ireland, with over 400 chapters around the world including eleven chapters in Canada.

The Winnipeg Irish Festival is our largest event, attracting approximately 200 to 300 people over the weekend, and involves educational workshops, demonstrations and an evening performance featuring three guest artists from Ireland, plus many local Winnipeg performers. This festival provides Manitobans and visitors with an opportunity to learn about and experience Irish Traditional Culture through instructional workshops, demonstrations and a performance in music, dance and other activities. Most of the instructors/performers are volunteers from Winnipeg, but we try to bring in two or three top Irish Traditional Musicians each year to enhance the quality of our program to provide professional development for our own Irish Traditional Musicians, and to attract a wider audience. We receive no government funding or corporate sponsorships to pay for this event. All monies raised come from ticket sales. As the ticket sales alone do not cover all expenses, we organize small volunteer fundraising activities throughout the year. That, plus being able to use the time and talents of our members and local volunteer performers allows us to provide Winnipeg with what we see as a valuable cultural and educational event.

2005 Winnipeg Irish Festival

Artists' fees:	$2,750.00	
Artists' airfares:	$3,641.35	
Venue rental:	$637.72	
Posters/tickets:	$131.02	
Artists meals:	$90.12	(Artists were billeted in the homes of volunteers)

Festival expenses: $7250.21

Income from Concert ticket sales: $4620.00 (This is the amount on which tax is due)

Income from weekend workshops fees: $2400.00
Income from year-round festival fundraising: $823.22

Festival total income $7843.22
Festival total expenses: $7250.21
Weekend Festival profit: $593.01 to be used as seed money for next year's festival.

We hope that Council will reconsider our application based on the above information, and grant Comhaltas Winnipeg general exemption from the Entertainment Funding Tax for our future activities. We also respectfully request Council to cancel outstanding taxes on our 2005 Winnipeg Irish Festival.

Yours truly,

Susan Hammer

Susan Hammer,PRO Comhaltas Winnipeg