Agenda - Executive Policy Committee - February 15, 2006

Report - Standing Committee on Fiscal Issues - February 7, 2006

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

STANDING COMMITTEE RECOMMENDATION:

The Standing Committee on Fiscal Issues concurred in the administrative recommendation, as amended, 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. Sport Manitoba Inc. for their Annual event "Sport Manitoba Night of Champions".

   B. For events and performances directly held by Winnipeg Centennial Folk Festival Inc. at the "Winnipeg Folk Festival - Folk Exchange" venue located at 203-211 Bannatyne Avenue.

   C. Special Olympics Manitoba, Inc. for the following fundraising events held as part of the "Winnipeg Wine Festival" from May 1 to 6, 2006:

      i. VQA Canada Tasting- held at Earls Polo Park
      ii. Fetzer Vineyards "Great Beginnings Appetizer Challenge"- held at Delta Winnipeg
      iii. VQA Canada Wine Dinner - held at Liberty Grill
      iv. Down Under with Distinctive Reds- held at Fairmont Hotel
      v. Gala Dinner - held at Winnipeg Convention Centre.

2. That pursuant to Section 5 of Schedule "B" of the Entertainment Funding By-law No. 7710/2000 the following be listed as an amusement in Schedule "A" of the By-law, namely:

   A. Virtuosi Concerts (MB) Inc.'s event entitled "Mozartfest '06" to be held April 20 and 22, 2006 and May 11 and 13, 2006 at Eckhardt - Grammatte Hall.

Report - Standing Committee on Fiscal Issues - February 7, 2006

B. Virtuosi Concerts (MB) Inc.'s 2006/2007 season of performances included in the "Virtuosi Concert Series" for the events:

i. Sonia Chen - September 16, 2006
ii. Shauna Rolston and Heather Schmidt - October 7, 2006
iii. Rena Sharon and Steve Dann - November 4, 2006
iv. Vogler String Quartet & Ian Parker - November 12, 2006
v. Denise Djokic and David Jalbert - November 25, 2006
vi. Li Wang - January 6, 2007
vii. Gryphon Trio and Scott St. John - February 24, 2007
viii. Montreal Guitar Trio - March 10, 2007
ix. Tokai String Quartet and Daniel Bolshoy - March 24, 2007
x. Alexander Tselyakov and Students - March 31, 2007
xi. Lafayette String Quartet - April 14, 2007

C. Seven Oaks General Hospital Foundation Inc.

D. Special Olympics Manitoba, Inc. for the following fundraising events held as part of the "Winnipeg Wine Festival" from May 1 to 6, 2006:

i. "Grapes Anatomy" held at Celebrations Dinner Theatre
ii. Hola Chile (venue to be determined)
iii. Public Wine Tasting (2 evenings) - held at Winnipeg Convention Centre
iv. Wines of Spain "Celebrity Grape Stomp" - held at Delta Winnipeg
v. Aussie Barbie - held at 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.

Agenda - Executive Policy Committee - February 15, 2006

Report - Standing Committee on Fiscal Issues - February 7, 2006

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On February 7, 2006, the Standing Committee on Fiscal Issues concurred in the administrative recommendation, with the following amendments, namely:

- That pursuant to Section 5 of Schedule "B" of the Entertainment Funding By-law No. 7710/2000 the following be listed as an amusement in Schedule "A" of the By-law, namely:

    1. Virtuosi Concerts (MB) Inc.'s event entitled "Mozartfest '06" to be held April 20 and 22, 2006 and May 11 and 13, 2006 at Eckhardt - Grammatte Hall.

    2. Virtuosi Concerts (MB) Inc.'s 2006/2007 season of performances included in the "Virtuosi Concert Series" for the events:

        A. Sonia Chen - September 16, 2006
        B. Shauna Rolston and Heather Schmidt - October 7, 2006
        C. Rena Sharon and Steve Dann - November 4, 2006
        D. Vogler String Quartet & Ian Parker - November 12, 2006
        E. Denise Djokic and David Jalbert - November 25, 2006
        F. Li Wang - January 6, 2007
        G. Gryphon Trio and Scott St. John - February 24, 2007
        H. Montreal Guitar Trio - March 10, 2007
        I. Tokai String Quartet and Daniel Bolshoy - March 24, 2007
        J. Alexander Tselyakov and Students - March 31, 2007
        K. Lafayette String Quartet - April 14, 2007

    3. Seven Oaks General Hospital Foundation Inc.

    4. Special Olympics Manitoba, Inc. for the following fundraising events held as part of the "Winnipeg Wine Festival" from May 1 to 6, 2006:

        A. "Grapes Anatomy" held at Celebrations Dinner Theatre
        B. Hola Chile (venue to be determined)
        C. Public Wine Tasting (2 evenings) - held at Winnipeg Convention Centre
        D. Wines of Spain "Celebrity Grape Stomp" - held at Delta Winnipeg
        E. Aussie Barbie - held at Winnipeg Art Gallery,

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

ADMINISTRATIVE REPORT

RE: RECOMMENDATION FOR ENTERTAINMENT FUNDING BY-LAW EXEMPTION – FEBRUARY 2006

FOR SUBMISSION TO: STANDING COMMITTEE ON FISCAL ISSUES

ORIGINAL REPORT SIGNED BY: CHIEF FINANCIAL OFFICER

REPORT DATE: January 31, 2006

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. Sport Manitoba Inc. for their Annual event "Sport Manitoba Night of Champions".

2. For events and performances directly held by Winnipeg Centennial Folk Festival Inc. at the "Winnipeg Folk Festival - Folk Exchange" venue located at 203-211 Bannatyne Avenue.

3. Special Olympics Manitoba, Inc. for the following fundraising events held as part of the "Winnipeg Wine Festival" from May 1 to 6, 2006
    - VQA Canada Tasting- held at Earls Polo Park
    - Fetzer Vineyards "Great Beginnings Appetizer Challenge"- held at Delta Winnipeg
    - VQA Canada Wine Dinner – held at Liberty Grill
    - Down Under with Distinctive Reds- held at Fairmont Hotel
    - Gala Dinner- held at Winnipeg Convention Centre.

That the following amusements and/or places of amusement, that **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":

4. Virtuosi Concerts (MB) Inc.'s event entitled "Mozartfest '06" to be held April 20 & 22, 2006 and May 11 & 13, 2006 at Eckhardt – Grammatte Hall.

5. Virtuosi Concerts (MB) Inc.'s 2006/2007 season of performances included in the "Virtuosi Concert Series" for the events:
    - Sonia Chen – September 16, 2006

- Shauna Rolston & Heather Schmidt – October 7, 2006
- Rena Sharon & Steve Dann – November 4, 2006
- Vogler String Quartet & Ian Parker – November 12, 2006
- Denise Djokic & David Jalbert – November 25, 2006
- Li Wang – January 6, 2007
- Gryphon Trio & Scott St. John – February 24, 2007
- Montreal Guitar Trio – March 10, 2007
- Tokai String Quartet & Daniel Bolshoy – March 24, 2007
- Alexander Tselyakov & Students – March 31, 2007
- Lafayette String Quartet – April 14, 2007

6. Seven Oaks General Hospital Foundation Inc.

7. Special Olympics Manitoba, Inc. for the following fundraising events held as part of the "Winnipeg Wine Festival" from May 1 to 6, 2006
    - "Grapes Anatomy" held at Celebrations Dinner Theatre
    - Hola Chile (venue to be determined)
    - Public Wine Tasting (2 evenings) – held at Winnipeg Convention Centre
    - Wines of Spain "Celebrity Grape Stomp" – held at Delta Winnipeg
    - Aussie Barbie – held at 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 those recommendations that deny a listing under Schedule "A", the by-law contains provisions which would allow Council to:

1. List performances which, as part of a festival, event or season of performances, have limited local content and, in the opinion of Council, the limited local content will complement and enhance the ability of the organization to produce entertainment and attract a broad audience; and
2. Vary provisions of the by-law and list an amusement where Council is satisfied:
    a. Such a listing is in keeping with the Listing Principles of Schedule "B",
    b. The organization demonstrates in writing that the compliance with the by-law may cause unreasonable hardship, and
    c. Where possible, alternative arrangements proposed by the organization present a reasonable alternative in the circumstances of the particular organization.

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 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.

An exemption listing which has been provided in Section 2 of the By-law for an indefinite term or for season program **does not apply** to any performance that is:

a) a for-profit production, including a for–profit touring production which is offered through a bidding process;
b) mounted and assembled outside the City and has limited local content; or
c) is not directly held by the listed organization;
d) intended for fundraising purposes, except in the circumstances set out in section 3 of Schedule "B" of the by-law;

unless that performance has been specifically listed.

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. **Sport Manitoba Inc. for their Annual event "Sport Manitoba Night of Champions".**

2. **For events and performances directly held by Winnipeg Centennial Folk Festival Inc. at the "Winnipeg Folk Festival - Folk Exchange" venue located at 203-211 Bannatyne Avenue.**

   Winnipeg Centennial Folk Festival Inc. does not have an exemption from the Entertainment Funding Tax. This application from ***Winnipeg Centennial Folk Festival Inc.*** is only for events to be held at their new venue the "Winnipeg Folk Festival - Folk Exchange" which is located at 203-211 Bannatyne Avenue.

3. **Special Olympics Manitoba, Inc. for the following fundraising events held as part of the "Winnipeg Wine Festival" from May 1 to 6, 2006**
   - VQA Canada Tasting- held at Earls Polo Park
   - Fetzer Vineyards "Great Beginnings Appetizer Challenge"- held at Delta Winnipeg
   - VQA Canada Wine Dinner – held at Liberty Grill
   - Down Under with Distinctive Reds- held at Fairmont Hotel
   - Gala Dinner- held at Winnipeg Convention Centre

   Manitoba Special Olympics Inc. received an exemption from the entertainment funding tax in 2001, with the exception of fundraising events. Please note the change to the organization's name to "Special Olympics Manitoba, Inc."

   Special Olympics Manitoba, Inc. has declared that they are managing and operating these events as part of their larger fundraising event "Winnipeg Wine Festival". As they have declared that no entertainment will be provided at these specific events, then these events are recommended for exemption.

<u>Not Recommended for Exemption</u>

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 were not met.).

4. **Virtuosi Concerts (MB) Inc.'s event entitled "Mozartfest '06" to be held April 20 & 22, 2006 and May 11 & 13, 2006 at Eckhardt – Grammatte Hall.**

5. **Virtuosi Concerts (MB) Inc.'s 2006/2007 season of performances included in the "Virtuosi Concert Series" for the events:**
   a. **Sonia Chen – September 16, 2006**
   b. **Shauna Rolston & Heather Schmidt – October 7, 2006**
   c. **Rena Sharon & Steve Dann – November 4, 2006**

d. **Vogler String Quartet & Ian Parker – November 12, 2006**
e. **Denise Djokic & David Jalbert – November 25, 2006**
f. **Li Wang – January 6, 2007**
g. **Gryphon Trio & Scott St. John – February 24, 2007**
h. **Montreal Guitar Trio – March 10, 2007**
i. **Tokai String Quartet & Daniel Bolshoy – March 24, 2007**
j. **Alexander Tselyakov & Students – March 31, 2007**
k. **Lafayette String Quartet – April 14, 2007**

Although Virtuosi Concerts Inc*.* is currently listed in Schedule "A", **Virtuosi Concerts (MB) Inc.'s** event "Mozartfest '06", as well as, 11 of the 12 events being held within their 2006/2007 season of performances, have limited local content (see Appendix "I"). These events are not being recommended for listing. One event of their season of performances as well as their fundraising event meet the criteria of the by-law and therefore are non taxable by virtue of the general listing in Schedule "A" for Virtuosi Concerts Inc*.*

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

6. Seven Oaks General Hospital Foundation Inc.

Seven Oaks General Hospital Foundation Inc. submitted an application for exemption from the entertainment funding tax. "The Seven Oaks General Hospital Foundation Inc. is a non-profit fundraising organization.

It is recommended that this application be denied exemption as performers will receive remuneration in excess of $50 as stipulated in the By-law (see Appendix "I").

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

7. Special Olympics Manitoba, Inc. for the following fundraising events held as part of the "Winnipeg Wine Festival" from May 1 to 6, 2006

- **"Grapes Anatomy" held at Celebrations Dinner Theatre**
- **Hola Chile (venue to be determined)**
- **Public Wine Tasting (2 evenings) – held at Winnipeg Convention Centre**
- **Wines of Spain "Celebrity Grape Stomp" – held at Delta Winnipeg**
- **Aussie Barbie – held at Winnipeg Art Gallery.**

Manitoba Special Olympics Inc. received an exemption from the entertainment funding tax in 2001, with the exception of fundraising events. Please note the change to the organization's name to "Special Olympics Manitoba, Inc."

Special Olympics Manitoba, Inc. has declared that they are managing and operating these events as part of their larger fundraising event “Winnipeg Wine Festival”. Although Special Olympics Manitoba has declared that they are managing and operating these events, information required to determine the applicability of their current exemption listing for each of these events is outstanding.

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

Other Considerations

It is noted that, notwithstanding the recommendation that a season of performances or a festival does not meet the criteria for a general exemption listing, the by-law provides for Council to list the performances in specific circumstances. The relevant By-law provisions have been attached as Appendix “II” to this report. These include circumstances where:

(a) the performance has limited local content but is to be offered by a locally based charitable or not-for-profit cultural or athletic organization as part of a festival, event, or season of performances and, in the opinion of Council, the limited local content will complement and enhance the ability of that organization to produce entertainment and attract a broad audience; and

(b) the amusement is not directly held by a charitable or not-for-profit cultural or athletic organization, but where Council is satisfied that:

- such a listing is in keeping with the Listing Principles;
- the organization demonstrates in writing that the compliance with a term, or terms, of the By-law may cause unreasonable hardship; and
- where possible, alternate arrangements proposed by the organization present a reasonable alternative in the circumstances of the particular organization.

FINANCIAL IMPACT STATEMENT - Date: January 30, 2006

The financial impact of approving applications 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.

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 - February 2006 Final.doc

APPENDIX "I"

Name of Organization	Name of Event	Criteria Not Satisfied
Virtuosi Concerts (MB) Inc.	Mozartfest '06 to be held April 20 & 22, 2006 and May 11 & 13, 2006 at Eckhardt – Grammatte Hall As well as: Virtuosi Concert Series 2006/2007 Season of Performances as listed: • Sonia Chen • Shauna Rolston & Heather Schmidt • Rena Sharon & Steve Dann • Vogler String Quartet & Ian Parker • Denise Djokic & David Jalbert • Li Wang • Gryphon Trio & Scott St. John • Montreal Guitar Trio • Tokai String Quartet & Daniel Bolshoy • Alexander Tselyakov & Students • Lafayette String Quartet	Limited Local Content 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." The Mozartfest '06 as a whole has 0% local content. Of the 12 performances to be held as part of the Virtuosi Concert Series, 11 performances do not meet the local content requirement.
Seven Oaks General Hospital Foundation Inc.	• General Exemption	By-law 7710/2000, Section 3 (b), of Schedule B under Fund Raising Activities: • "An amusement which is intended for fund raising may be listed where individuals performing the amusement receive no compensation for their participation, other than remuneration, limited to a maximum of $50, for expenses reasonably incurred related to their participation in the amusement." • The performers will be paid an amount greater than $50.

Name of Organization	Name of Event	Criteria Not Satisfied
Special Olympics Manitoba, Inc.	For events directly held as part of the "Winnipeg Wine Festival" to be held on May 1 – 6, 2006:	Although Special Olympics Manitoba has declared that they are managing and operating these events, information required to determine the applicability of their current exemption listing for each of these events is outstanding.
	• "Grapes Anatomy" held at Celebrations Dinner Theatre	• Not directly held, Remuneration and Local Content unknown
	• Hola Chile (venue to be determined)	• Remuneration and Local Content unknown
	• Public Wine Tasting (2 evenings) – held at Winnipeg Convention Centre	• This event is operated as a trade show and is therefore taxable.
	• Wines of Spain "Celebrity Grape Stomp" – held at Delta Winnipeg	• Remuneration and Local Content unknown
	• Aussie Barbie – held at Winnipeg Art Gallery.	• Remuneration and Local Content unknown.

APPENDIX "II"

The Entertainment Funding By-law No. 7710/2000

Schedule B

Listing Principles

An amusement or place of amusement may be listed in Schedule A where an organization has made application for an exemption as hereinafter set out. 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 gain.

Part 1 - Criteria

Definitions:

1 In this schedule:

"charitable organization" includes an organization registered as a "charity" with Revenue Canada;

"cultural organizations" includes organizations providing the following types of amusements: musical, artistic, ethno-cultural, museums, galleries and exhibits of a non-commercial nature;

"identifiable group" means a section of the public distinguished by age, ancestry, nationality, gender, ethnic background, religion or belief;

"not-for-profit cultural or athletic organization" means an organization which:
(a) is organized without share capital;
(b) has a governing body elected democratically by the membership;
(c) less than 50% of the organization's directors are "related" persons; and
(d) has a membership criteria such that membership in the organization is open to the public, or an identifiable group, for no, or minimal consideration;

"related persons" means individuals who are related to each other by blood, marriage, adoption, common-law relationship, or close business or corporate association (e.g., business partners, employee and employer). Individuals or groups can also be related to a corporation in which they have a controlling interest. Persons related to these individuals are also related to the corporation.

Scope re listings for charitable or not-for-profit cultural or athletic organizations

2 Listings may be provided for the performance of amusements where:

(a) the amusement is directly held by a charitable or not-for-profit cultural or athletic organization;

(b) the amusement to be held is directly related to the character of the organization;

(c) the organization is financially sound, or where in a deficit position, the organization is able to demonstrate a sound deficit reduction plan;

(d) the organization renders a service to an identifiable group while being of a general benefit to the community as a whole; and

(e) net revenues will be used to further the organization's undertaking or purpose.

Fund raising activities

3 An amusement which is intended for fund raising may be listed where:

(a) the amusement is directly held by a charitable or not-for-profit organization; and,

(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.
amended 7844/2001

Limited Local Content

4 Performances which have limited local content may only be considered for listing where the performance is to be offered by a locally based charitable or not-for-profit cultural or athletic organization as part of a festival, event, or season of performances and, in the opinion of Council, the limited local content will complement and enhance the ability of that organization to produce entertainment and attract a broad audience.

Council may vary provisions

5 Notwithstanding any other provision of Schedule "B", an amusement, or place of amusement, that is not within the scope of sections 2, 3 or 4 may be listed in Schedule "A" where Council is satisfied:

(a) such a listing is in keeping with the Listing Principles set out herein;

(b) the organization demonstrates in writing that the compliance with a term, or terms, of this By-law may cause unreasonable hardship; and

(c) where possible, alternate arrangements proposed by the organization present a reasonable alternative in the circumstances of the particular organization.