MPTAM
MOTION PICTURE THEATRE ASSOCIATION OF MANITOBA

Winnipeg Entertainment Funding Tax

About the Tax

The Motion Picture Theatre Association of Manitoba (MPTAM) represents movie theatre operators in the province. We are not Hollywood studios or film distributors and we typically retain about 40% of the ticket revenues we collect.

City by-laws grant the City of Winnipeg authority to impose a tax on admissions to places of amusement. Winnipeg is the only municipality in Manitoba to impose an Entertainment Funding Tax, and does so at a rate of 10%.

Why the tax should be abolished

Considering the pressures faced by Winnipeg movie theatre operators and the negative impact these pressures have on Winnipeg moviegoers, MPTAM feels the Entertainment Funding Tax should be abolished for the following reasons:

2. **The tax is unfair to moviegoers**

    a. Movie ticket prices are elastic. For example, the introduction of the GST caused a 14% drop in attendance the first two years. This leaves theatre operators no room to increase ticket prices.
    b. Movie audiences, typically lower and middle income families and teens, are restricted in their ability to attend new releases by high ticket prices.
    c. Not only is Winnipeg the only municipality in Manitoba to tax movie admissions, but other entertainment operators receive funding back from the City in the form of revenue rebate agreements.

3. **The tax is unfair to movie theatre operators**

    a. With the conversion to digital screens, theatre operators face significant capital investment needs. At a cost of $150,000 per screen, the amusement tax restricts theatre operators' ability to undertake these upgrades.
    b. Alternative entertainment options, such as DVD, pay-per-view and on demand video are made more attractive because of the tax.

c. The tax is applied unevenly in that theatres who charge less than $5.00 for admission are exempt from the tax, thus distorting the market for first-run films in Winnipeg. Our operators are, in effect, subsidizing competitor entertainment options.

1. **The tax creates a competitive disadvantage in Winnipeg**

   a. The tax discriminates against one class of entertainment and is levied at a rate higher than is applicable to most other consumer expenditures (ie. PST).
   b. As one of only two cities in Canada to levy a tax on movie theatre admissions, Winnipeg theatre operators are consistently squeezed by high taxes on one side and cheaper forms of entertainment, like DVDs, on the other.

The Benefits to Abolishing the Tax

Abolishing the tax will reduce the tax burden for Winnipeg movie goers, thereby increasing the number of outings for lower and middle class families and teens that typically frequent Winnipeg movie theatres. This will have an immediate and positive impact, especially during a period of economic recession, on both theatre operators and the City at large by:

1. Stabilizing and increasing employment opportunities for youth, who are typically entering the workforce, who are employed at Winnipeg movie theatres.
2. Increasing capital investment capabilities for operators.
3. Increasing public traffic in areas serviced by movie theatres such as malls, restaurants and bars.
4. Stabilizing and increasing revenues for movie theatre suppliers such as film agencies and distributors, newspapers, concession food and machinery suppliers and local theatre franchisees.