Agenda – Executive Policy Committee – December 7, 2022

Report – Standing Policy Committee on Finance and Economic Development – December 1, 2022

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than four business days preceding the committee meeting, be considered by Committee.

Item No. 2 Entertainment Funding Tax Annual Report

STANDING COMMITTEE RECOMMENDATION:

On December 1, 2022, the Standing Policy Committee on Finance and Economic Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That this report be received as information.

Agenda – Executive Policy Committee – December 7, 2022

Report – Standing Policy Committee on Finance and Economic Development – December 1, 2022

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On December 1, 2022, the Standing Policy Committee on Finance and Economic Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Entertainment Funding Tax Annual Report

Critical Path: Standing Policy Committee on Finance – Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Peters	C. Kloepfer	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

Total grants paid to arts and cultural organizations for 2021 was $5,867,044, compared to net Entertainment Funding Tax revenues of $611,119.

RECOMMENDATIONS

That this report be received as information.

REASON FOR THE REPORT

On March 22, 2006, Council approved By-law 125/2006. By-law 125/2006 section 10 requires annual reporting on net actual revenues generated relating to the Entertainment Funding Tax and total value of grants or other disbursements to arts and cultural organizations.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications to receiving this report as information.

HISTORY/DISCUSSION

On March 22, 2006, Council passed By-law 125/2006. By-law 125/2006 section 10 requires annual reporting on net actual revenues generated relating to the Entertainment Funding Tax and total value of grants or other disbursements to arts and cultural organizations.

Report on use of funds raised

10. As the purpose of this tax is to provide a source of funding for arts and culture in the City of Winnipeg, the City Treasurer shall report annually to Council with a comparison of net actual revenues generated by this tax in the previous fiscal year to the total value of grants or other disbursements to arts and cultural organizations in that same fiscal year.

The Public Service has previously reported on the Entertainment Funding Tax through the annual budget. Going forward, however, the Public Service will be providing this annual administrative report instead.

Entertainment Funding Tax is 10% on cinema ticket prices of $5.00 or more.

Total net revenues generated for the year ended December 31, 2021 relating to the Entertainment Funding Tax was $611,119. Arts and Culture funding for the year ended December 31, 2021 was $5,867,044. A full listing of payments is provided in the attachment to this report – it includes operating and capital grants and in-kind payments to organizations for arts and culture related initiatives.

Some judgement is required to determine if the payments are for arts and culture related initiatives and has been determined through review of agreements and understanding purpose of the funding.

Grants paid out of Councillors' per Capita grants and Mayor's Office funding have been excluded due to their discretionary nature by elected officials, there may be some amounts in this funding provided for arts and culture purposes.

Also excluded from this report is the refundable entertainment tax revenue and payments that are paid to True North Inc., Winnipeg Goldeyes Baseball Club Inc. and the Winnipeg Football Club as these amounts are recorded as an offset to refundable entertainment funding tax revenue and therefore not part of net revenues generated.

True North Inc. has a long-term arrangement, expiring in 2029, with respect to entertainment tax approved by Council. The full amount of entertainment tax remitted during the year is refunded back at the end of the season.

The Winnipeg Goldeyes Baseball Club Inc. has a long-term arrangement, expiring December 31, 2038, with respect to entertainment tax approved by Council. The full amount of entertainment tax remitted during the year is refunded back at the end of the season - conditional upon all aspects of an amateur access/community use agreement with the City being honored.

In a long-term agreement approved by Council, the entertainment tax revenue from the Winnipeg Football Club's football games or other events will be refunded back to the Winnipeg Football Club.

FINANCIAL IMPACT

Financial Impact Statement

Date: October 14, 2022

Project Name:
Entertainment Funding Tax Annual Report

COMMENTS:

There is no financial impact associated with the recommendation of this report, as it is prepared for information purposes.

Jason Duke - October 14, 2022

Jason Duke, CPA, CGA
A/ Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

- All City of Winnipeg Departments

OURWINNIPEG POLICY ALIGNMENT

1.8 Accountable Revenue Generation
Pursue municipal revenue generation based on a predictable, equitable and evidence-informed methodology that offsets service costs while achieving this Plan's sustainability goals.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Corporate Finance
Division: Corporate Controller
Prepared by: Melissa Wensel
Date: October 19, 2022
File No: N/A

Attachments: