Agenda – Executive Policy Committee – October 16, 2024

Report – Standing Policy Committee on Finance and Economic Development – October 10, 2024

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. 1 Entertainment Funding Tax Annual Report - 2023

STANDING COMMITTEE RECOMMENDATION:

On October 10, 2024, 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 – October 16, 2024

Report – Standing Policy Committee on Finance and Economic Development – October 10, 2024

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October, 2024, 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 - 2023

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

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Speidel	T. Graham	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

Total grants paid to arts and cultural organizations for 2023 was $5,937,503 compared to net Entertainment Funding Tax revenues of $2,174,669.

RECOMMENDATIONS

1. 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

Annual reporting requirement of the by-law will be met.

HISTORY/DISCUSSION

On March 22, 2006, Council passed By-law 125/2006 – The Simplified Entertainment Funding By-law. 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.

Entertainment Funding Tax is 10 percent on an admission price of $5.00 or more for those attending:

- A cinema to view a film or motion picture; or
- An entertainment facility with a total fixed seating capacity of 5,000 persons or more to view an amusement. An amusement means a contest, dance entertainment, exhibition, game performance, program or show and includes a film or motion picture.

Net actual Entertainment Funding Tax revenues generated for the year ended December 31, 2023 were $2,174,669. This is broken down as follows:

Total revenue	$12,629,375
Taxes refunded to 5,000+ seating facilities [1]	10,454,706
Total net actual revenues	$2,174,669

1. Organizations include True North Inc., Winnipeg Goldeyes and Winnipeg Football Club.

Net actual revenues are within the normal level after the COVID-19 pandemic, as reflected in the table below:

2023	$2,174,669
2022	1,538,279
2021	611,119
2020	367,540
2019	2,134,704

Arts and Culture grants paid for the year ended December 31, 2023 were $5,927,503. A listing of Arts and Culture Grant payments is included in the attachment. The attachment includes operating and capital grants and in-kind payments to organizations for arts and culture related initiatives.

Excluded from the attachment are Entertainment Taxes refunded to True North Inc., Winnipeg Goldeyes and 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 approved by Council. The full amount of the entertainment tax remitted during the year is refunded back at the end of the season.

The Winnipeg Goldeyes has a long-term arrangement expiring December 31, 2038 approved by Council. The full amount of the 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.

The Winnipeg Football Club has a long-term arrangement subject to annual operating budget approval by Council. The full amount of the entertainment tax remitted during the year is refunded back at the end of the season.

Grants paid out of Councilors' Per Capita grants and Mayor's Office funding have been excluded from the attachment due to their discretionary nature. There may be some grants within this funding provided for arts and culture purposes.

In analyzing the actual grants paid, some judgement is required to determine if the grants are for arts and culture related initiatives. The items listed in the attachment have been determined through discussion with the lead Departments.

FINANCIAL IMPACT

Financial Impact Statement **Date:** August 23, 2024

Project Name:

Entertainment Funding Tax Annual Report - 2023

COMMENTS:

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

Randy Bernard

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

- All City of Winnipeg Departments

OURWINNIPEG POLICY ALIGNMENT

Goal: Leadership and Good Governance

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

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

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: Helen Hasiuk
Date: August 23, 2024

Attachment: