Agenda - Council - October 27, 2004

Report - Standing Committee on Fiscal Issues - October 12, 2004

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

STANDING COMMITTEE RECOMMENDATION:

On October 20, 2004, 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 amusement and/or place of amusement, which does meet the criteria set forth in Schedule "B" of The Entertainment Funding By-law No. 7710/2000, be listed in Schedule "A":

   A. Canadian Parks and Wilderness Society, Manitoba Chapter

2. That the following amusement and/or place of amusement, which does 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. Agassiz Music Inc.

3. That the City Solicitor/Manager of Legal Services be requested to prepare the necessary amending By-law in accordance with the foregoing for submission directly to Council.

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

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DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 20, 2004, 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 October 12, 2004, the Standing Committee on Fiscal Issues concurred in the administrative recommendation and submitted the matter to Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

RE: RECOMMENDATION FOR ENTERTAINMENT FUNDING BY-LAW EXEMPTION – OCTOBER 2004

FOR SUBMISSION TO: Standing Committee on Fiscal Issues

ORIGINAL REPORT SIGNED BY: Chief Financial Officer

REPORT DATE: October 5, 2004

RECOMMENDATION(S):

That the following amusement and/or place of amusement, which **does meet** the criteria set forth in Schedule "B" of The Entertainment Funding By-law 7710/2000, be recommended to Council for listing in Schedule "A":

1. Canadian Parks and Wilderness Society, Manitoba Chapter

   That the following amusement and/or place of amusement, which **does not meet** the criteria set forth in Schedule "B" of The Entertainment Funding By-law 7710/2000, be denied listing in Schedule "A":

   A. Agassiz Music Inc.

REPORT SUMMARY:

The Administration has conducted a consistent and thorough review of all applications received for exemption from the Entertainment Funding By-law in accordance with the criteria set forth in By-law 7710/2000.

Key Issue(s):

The application received from the Canadian Parks and Wilderness Society, Manitoba Chapter for exemption from the Entertainment Funding Tax has **met** the criteria set forth in Schedule "B" of the Entertainment Funding By-law 7710/2000.

The application received from the Agassiz Music Inc. for exemption from the Entertainment Funding Tax that **has not met** the criteria set forth in Schedule "B" of The Entertainment Funding By-law 7710/2000.

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): As a result of being denied the Entertainment Funding Tax exemption, this organization will have to remit the applicable taxes.

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 these applications for exemption from the Entertainment Funding Tax is unknown. The tax revenue that could be generated from the event hosted by these organizations cannot be quantified because the event has not yet occurred.

REASON FOR THE REPORT:

Council must approve all Entertainment Funding By-law exemptions.

HISTORY:

The Entertainment Funding By-law 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 application received for exemption from the Entertainment Funding By-law in accordance with the criteria set in Schedule "B" of By-law 7710/2000. For those amusements and/or places of amusement that are not being recommended for exemption listing in Schedule "A", the reason (i.e. the criteria that was not satisfied) is explained in the table below.

Name of Organization	**Name of Event**	**Criteria Not Satisfied**
Agassiz Music Inc	The organization provides two festivals during the year. Russkifest (Winter Russian Festival) and Agassiz Summer Chamber Festival	Both festivals have limited local content. Pursuant to Section 3, of By-law No. 7710/2000 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 Standing Committee on Fiscal Issues has the right to recommend an exemption under Schedule B, Section 8, "Upon consideration of the recommendation of the Director of Corporate Finance as to whether or not the application meets the principles and intent of the by-law, the Standing Committee on Fiscal Issues may recommend to Council that an amusement or place of amusement be listed in Schedule A."

Also, Council may vary provisions under Schedule B, Section 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."

FINANCIAL IMPACT STATEMENT - Date: October 2004

The financial impact of denying this application for exemption from the entertainment funding tax is unknown. The tax revenue that could be generated from the event hosted by this organization cannot be quantified because the event has 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 October 2004.doc