Agenda - Council - January 26, 2005

Report - Standing Committee on Fiscal Issues - January 11, 2005

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

STANDING COMMITTEE RECOMMENDATION:

On January 19, 2005, 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 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":

    A. The event "Songwriters Circle" to be held by CARAS (Canadian Academy of Recording Arts & Sciences) in conjunction with the Juno Awards on Sunday, April 3, 2005, at the Burton Cummings Theatre.

    B. Multiple events as part of "JunoFest" to be held by MARIA (Manitoba Audio Recording Industry Association Inc.) in conjunction with the Juno Awards on April 1 and 2, 2005, at various venues in the City of Winnipeg.

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

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DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 19, 2005, 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 January 11, 2005, the Standing Committee on Fiscal Issues concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

RE: RECOMMENDATIONS FOR ENTERTAINMENT FUNDING BY-LAW EXEMPTION – JANUARY 2005

FOR SUBMISSION TO: Standing Committee on Fiscal Issues

ORIGINAL REPORT SIGNED BY: Chief Financial Officer

REPORT DATE: January 5, 2005

RECOMMENDATION(S):

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 7710/2000, be denied listing in Schedule "A"

1. The event "Songwriters Circle" to be held by CARAS (Canadian Academy of Recording Arts & Sciences), in conjunction with the Juno Awards, on Sunday April 3, 2005 at the Burton Cummings Theatre.

2. Multiple events as part of "JunoFest" to be held by MARIA (Manitoba Audio Recording Industry Association Inc.), in conjunction with the Juno Awards, on April 1 and 2, 2005 at various venues in the City of Winnipeg.

REPORT SUMMARY:
Key Issue(s):

The above applications received for exemption from the Entertainment Funding Tax have 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, these organizations 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 denying these applications for exemption from the Entertainment Funding Tax is unknown. The tax revenue that could be generated from events hosted by these organizations cannot be quantified because the events have 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 Juno Awards will be held at the MTS Centre on Sunday April 3, 2005. This report considers applications from CARAS (the Canadian Academy of Recording Arts & Sciences) for events to be held on Sunday April 3, 2005 at the Burton Cummings Theatre and from MARIA (Manitoba Audio Recording Industry Association Inc.) for events on April 1st and 2nd, 2005 to be held at various locations throughout the city. Although these planned events are a part of the Juno Festivities, they are being considered in this report via their separate exemption applications. It is expected that an application is forthcoming for the Juno Award ceremony and will be considered separately at that time.

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 Schedule "B" of By-law 7710/2000. It is recommended that Council deny listing in Schedule "A" for the Entertainment Funding Tax exemption, as the following criteria have not been met:

Name of Organization	Name of Event	Criteria Not Satisfied
CARAS (Canadian Association of Recording Arts & Sciences)	Songwriters Circle	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.

MARIA (Manitoba Audio Recording Industry Association)	JunoFest	The event does not satisfy the criteria for fixed rate remuneration when an amusement is held directly by an organization. Section 9 (b)(ii)(I) of By-law No. 7710/2000 states: • For the purposes of this by-law, an amusement is held directly by an organization when the organization utilizes person(s) under contract(s), provided that those contracts provide that all remuneration paid is at a fixed rate. Local content for this event cannot be determined as the program is not yet finalized. 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.

FINANCIAL IMPACT STATEMENT - Date: January 2005

The financial impact of denying these applications for exemption from the entertainment funding tax is unknown. The tax revenue that could be generated from events hosted by these organizations cannot be quantified because the events have 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 January 2005.doc