SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE related to exemption from admission tax; amending Section 5.40.028 of the Seattle Municipal Code.

Summary and background of the Legislation: This legislation would simplify the criteria qualification for a certificate of exemption from the City's admission tax. The admission tax is paid by persons who pay to enter a club, theater, other location for entertainment, recreation, or amusement. The venue is responsible for collecting the tax and remitting it to the City. The tax rate is 5% of the admission charge and the proceeds are shared between the General Subfund (25%) and the Arts Account (75%). Separate legislation has been proposed that would increase the Arts Account's share of admission tax revenue to 80%.

The Seattle Municipal Code (SMC) provides for a number of exemptions from admission tax. One such exemption was established for patrons of live music clubs by the enactment of Ordinance 122989 in 2008. To qualify for the live music exemption for a venue must:

1. Apply to the Director of the Department of Finance and Administrative Services (FAS) for a certificate of exemption;
2. Have a certificate of occupancy of fewer than 1,000 persons;
3. Present live music at least three separate days per week;
4. Hire one or more musicians to perform the equivalent of 16 individual performances per week;
5. Meet certain standards for compliance with public health, safety, noise, licensing and tax laws (no more than three violations per 12 month period); and
6. Submit quarterly compliance reports to the Director of FAS.

This Ordinance would establish a less rigorous set of criteria for qualification for admission tax exemption for live music venues having a certificate of occupancy of 500 or fewer persons. The new standards would require that a venue:

1. Apply to the Director of the Department of Finance and Administrative Services (FAS) for a certificate of exemption;
2. Have a certificate of occupancy of 500 or fewer persons;
3. Present live music at least two (not three) separate days per week;
4. Meet certain standards for compliance with public health, safety, noise, licensing and tax laws (no more than three violations per 12 month period); and
5. Submit annual (not quarterly) compliance reports to the Director of FAS.

The eligibility criteria for smaller clubs would not include a minimum number of individual musicians' performances. Live music venues with a capacity of more than 500 but fewer than 1,000 persons would continue to be eligible for exemption from the admission tax provided that they meet the more stringent current criteria.

2. CAPITAL IMPROVEMENT PROGRAM

____ **This legislation creates, funds, or amends a CIP Project.**
(If box is checked, please attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page.)

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Cost:

3. SUMMARY OF FINANCIAL IMPLICATIONS

Please check one:

____ **This legislation has direct financial implications.** (If the legislation has direct fiscal impacts (appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" section.)

__X__ **This legislation does not have direct financial implications.**
(Please skip to "Other Implications" section at the end of the document and answer questions a-i.)

Budget program(s) affected:				
Estimated $ Appropriation change:	**General Fund $**		**Other $**	
	2015	**2016**	**2015**	**2016**
Estimated $ Revenue change:	**Revenue to General Fund**		**Revenue to Other Funds**	
	2015	**2016**	**2015**	**2016**
Positions affected:	**No. of Positions**		**Total FTE Change**	
	2015	**2016**	**2015**	**2016**
Other departments affected:				

3.a. Appropriations

____ **This legislation adds, changes, or deletes appropriations.**
(If this box is checked, please complete this section. If this box is not checked, please proceed to Revenues)

Fund Name and	Dept	Budget Control	2015	2016 Estimated

number		Level Name/#*	Appropriation Change	Appropriation Change
TOTAL				

See budget book to obtain the appropriate Budget Control Level for your department.
(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not complete supported by revenue/reimbursements listed below, please identify the funding source (e.g. available fund balance) to cover this appropriation in the notes section. Also indicate if the legislation changes appropriations one-time, ongoing, or both.)

Appropriations Notes:

3.b. Revenues/Reimbursements

____ This legislation adds, changes, or deletes revenues or reimbursements.
(If this box is checked, please complete this section. If this box is not checked, please proceed to Positions)

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
TOTAL				

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below. Do the revenue sources have match requirements? If so, what are they?)

Revenue/Reimbursement Notes:

3.c. Positions

____ This legislation adds, changes, or deletes positions.
(If this box is checked, please complete this section. If this box is not checked, please proceed to Other Implications)

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2015 Positions	2015 FTE	Does it sunset? (If yes, explain below in Position Notes)

TOTAL							

* *List each position separately*

(This table should only reflect the actual number of positions created by this legislation In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below.)

Position Notes:

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?

It is possible that under this ordinance certain smaller music clubs that are unable or unwilling to comply with the requirements for exemption under the current standards will be able and willing to do so under the revised requirements. If this is the case, the City's admissions tax collections will be reduced. The City does not currently have the necessary data on the number of live music performances taking place in the city to estimate the impact accurately.

The 2008 ordinance that created the current live music exemption was estimated at the time to cost the City approximately $300,000 per year in lost revenue based. If the clubs that could qualify under current law but are not due to lack of awareness or the administrative demands of exemption are a subset of that group then the remaining exposure to loss of admission tax revenue should be smaller.

In 2014, 81.3% of the City's $8.1 million admission tax revenues were collected by the 20 entities remitting the largest admission tax amounts.

b) Is there financial cost or other impacts of not implementing the legislation?
(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs or consequences.)

c) Does this legislation affect any departments besides the originating department?
(If so, please list the affected department(s), the nature of the impact (financial, operational, etc), and indicate which staff members in the other department(s) are aware of the proposed legislation.)

This legislation would place additional administrative requirements on the Department of Finance and Administrative Services and, if admission tax revenues were reduced, financial impact on the Office of Arts and Culture.

d) Is a public hearing required for this legislation?
(If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned for the future?)

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
(For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.)

f) Does this legislation affect a piece of property?
(If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.)

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?
(If yes, please explain how this legislation may impact vulnerable or historically disadvantaged communities. Using the racial equity toolkit is one way to help determine the legislation's impact on certain communities.)

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.
(This answer should highlight measureable outputs and outcomes.)

i) Other Issues:

List attachments/exhibits below: