
Amusement Tax

Recommendation

That the information be received.

Topic and Purpose

The purpose of this report is to provide Standing Policy Committee on Finance information regarding the history of Amusement Tax usage in Saskatoon.

Report Highlights

1. *The Cities Act* provides the ability to tax each admission to “a place of amusement.”
2. In 2007, City Council approved an amendment to the Amusement Tax Bylaw to exempt cinemas from paying amusement tax.

Strategic Goals

This report supports the Strategic Goal of Asset and Financial Sustainability ensuring that the City of Saskatoon (City) is open, accountable and transparent regarding the decisions it makes relating to taxation.

Background

At its meeting of August 28, 2017, when considering the 2018 Business Plan and Budget Update – 30 Day Challenge report, City Council resolved, in part:

- “2. That the Administration report back to the Standing Policy Committee on Finance regarding the Amusement Tax.”

Report

Amusement Tax on Admissions

The Cities Act provides City Council with the ability to impose a tax on each admission to ‘a place of amusement.’ This definition may include cinemas, arenas and stadiums hosting sporting events and various live entertainment venues. Options also include collecting a certain sum in lieu of the tax from the place of amusement or exempt specific places or persons.

From approximately the mid-1950s, the City Bylaw in effect contained a wide definition of amusement from which many groups and venues requested and were granted an annual exemption. The net result was that amusement tax was primarily collected and remitted by cinemas and the midway at the Saskatoon Prairieland Exhibition.

In 1999, City Council directed that the City Solicitor rewrite the Amusement Tax Bylaw to identify only those activities that are actually being taxed under the existing bylaw. As a result, the definition of amusement as contained within the revised bylaw (Bylaw 7978) adopted by City Council on October 2, 2000 included only motion picture cinemas and the midway at the Exhibition.

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Amendments to the Amusement Tax Bylaw

At its meeting of June 25, 2007, when considering an Amusement Tax report of the General Manager, Corporate Services (Attachment 1), City Council resolved that the Amusement Tax Bylaw, 2000 be amended to exempt cinemas from paying amusement tax. The Bylaw requires only that amusement tax be collected by the Saskatoon Prairieland Annual Exhibition on each admission to an amusement ride, a menagerie, a sideshow or other amusement on the midway. As an incentive program for capital projects, the City has historically provided a grant to Prairieland equivalent to the amusement tax that is collected.

The two following agreements approved by City Council may have had significant impact on the decision to approve the exemption of cinemas in general from paying amusement tax:

1. The Enterprise Zone Policy, effective 2002, was intended to encourage businesses to locate or expand operations in a designated 'enterprise zone' area. City Council received a request to amend the Policy (first effective in 2002) to allow the inclusion of an amusement tax rebate for cinemas in the enterprise zone. The Policy was intended to encourage businesses to relocate or expand operations in that specific area. The discussion when this amendment was considered was the re-use of the former Roxy Theatre on 20th Street. The amendment was focused on cinema use only, and the Roxy Theatre was the only existing cinema within the Enterprise Zone. City Council approved a five-year rebate period of 2006–2010. The rebate was unnecessary when the Bylaw was amended in 2007 to exempt cinemas.
2. In May 2005, the City entered into an agreement with regard to the Galaxy Theatre. The agreement included the provision that all amusement tax collected by the theatre would be returned to the organization through an annual grant. The agreement includes provisions to allow for discontinuing the grant in the absence of an amusement tax, and also that should an amusement tax be re-instated, the grant would also be re-instated.

Regarding the impact of removing amusement tax from cinema tickets, Administration did not monitor the effect on theatres or the residents of Saskatoon.

Michael Paris, a representative of Cineplex in its capacity as a member of the Movie Theatre Association of Canada, was able to provide perspective (Attachment 2).

A KPMG study (<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94513.pdf>) prepared for the City of Toronto provides additional analysis and research.

Due Date for Follow-up and/or Project Completion

There is no due date for follow-up and/or project completion.

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Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachments

1. Amusement Tax Report to Administration and Finance Committee dated June 1, 2007
2. Email from Michael Paris, representative of Cineplex, dated October 13, 2017

Report Approval

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