2016 Seattle City Council Green Sheet

Ready for Notebook

Tab	Action	Option	Version
49	1	A	2

Budget Action Title: Pass C.B. 118558 - Live Music Admission Tax Exemption Ordinance

Has CIP Amendment: No Has Budget Proviso: No

Councilmembers: Harrell; O'Brien; Okamoto

Staff Analyst: Erik Sund

Council Bill or Resolution: 118558

Date		Total	SB	BH	JO	TR	NL	TB	JG	MO	KS
	Yes										
	No										
	Abstain										
	Absent										

Budget Action description:

This green sheet would approve passage of Council Bill 118558, which would revise the criteria for eligibility for the live music venue exemption from the City's admission tax.

The admission tax is charged to persons who pay to enter a club, theater, or other location for entertainment or recreation. 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 Municipal Arts Fund (75%). Separate legislation has been proposed that would increase the Municipal Arts Fund'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.

Council Bill 118558 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.

The admission tax generated a total of approximately $8.1 million of revenue for the Arts Account and the General Subfund in 2014, of which 81.3 percent was remitted by the 20 entities that collected the most. Of the total $8.1 million of collections, about $650,000 was collected from bars and live music venues.