

Members

Robin Echtle, *Chair*
 Traci Kelly, *Vice Chair*
 Lauren Walker, *City Council Liaison*
 Marty Campbell, *City Council Liaison Alternate*
 Jan Brazzell
 Rachel Cardwell
 Antonio Edwards, Jr.
 Sarah Idstrom
 Donald Lacky
 Bill La Vergne
 Dane Meyer
 Zach Powers
 Dawn Quinn
 Scott Ramsey
 Catherine Stegeman
 Mike Sweney
 Jana Wennstrom

Staff

Amy McBride, *Tacoma Arts Administrator*
 Naomi Strom-Avila, *Cultural Arts Specialist*

Summary Minutes

Tacoma Arts Commission

Community & Economic Development

Topic Specific: 5% Admissions Tax

These minutes are specific to the above topic. An accompanying recording of the full Tacoma Arts Commission is available at www.tacomaculture.org/arts/tac.asp.

Date: February 13, 2013

Location: City of Tacoma Municipal Building North, Room 16

Time: 5:00 pm Called to order 5:07

Commission Members in Attendance:

Robin Echtle, Chair
 Traci Kelly, Vice Chair
 Jan Brazzell
 Rachel Cardwell
 Sarah Idstrom
 Bill La Vergne
 Don Lacky
 Dane Meyer
 Zach Powers
 Dawn Quinn
 Scott Ramsey

Commission Members Excused Absence:

Jana Wennstrom
 Catherine Stegeman
 Mike Sweney

Commission Members Unexcused Absence:

Antonio Edwards, Jr.

City Council Member Present:

Marty Campbell

City Council Member Absent:

Lauren Walker

Staff Present:

Amy McBride, Tacoma Arts Administrator
 Naomi Strom-Avila, Cultural Arts Specialist

Public/staff in audience:

Martha Anderson
 Kit Evans
 Josie Emmons Turner
 William Turner

Summary:

The Tacoma Arts Commission participated in discussion re: the 5% Admissions Tax Exemption for Non-profits. After an hour of discourse, they conducted a straw poll regarding the support of the measure.

In support of the measure: 2 Commissioners

Not in support of the measure: 8 Commissioners

Not in support of the measure, but if it is inevitable would like a nexus to the arts program.

9 Commissioners



In support of a new marketing fund: 0 Commissioners
 Abstention: 1 Commissioner

Discussion Item: 5% Admissions Tax Exemption for non-profits 6:08pm (01:01:00)

Ms. McBride provided background to the item referring to documents included in advance in a memo to the Commission. These documents included: the current code TMC 6A.20, the first ordinance presented in fall of 2011, list of potentially affected organizations and current code in peer cities, and a matrix of revenue options including the 5% admission tax that was provided to Council January 31, 2012.

She informed the Commission that this issue is one of several that were being considered by Council last fall, however Councilmember Woodards asked to postpone consideration of the 5% sales tax item until January 31, 2012 to allow for more study of the issue. Councilmembers Woodards and Walker have been leading the discussion and engaging more people. Ms. McBride referred to a meeting that Councilmember Walker held in Councilmember Woodards absence on January 31, 2012 to talk with the larger arts & cultural organizations in town about this issue. She then invited Chair Echtle to discuss the meeting.

Chair Echtle and Ms. McBride listed the arts & cultural organizations that had representatives in attendance: Symphony, LeMay America's Car Museum, Broadway Center for the Performing Arts, Tacoma Musical Playhouse, Museum of Glass, Grand Cinema, Tacoma Opera and Tacoma City Ballet. She summarized the feedback stating that the overall consensus was that the attendant group did not support removing the exemption due to a number of reasons including: concern about functionality/implementation issues, potential to create divide between the "haves" and the "have-nots" (i.e. those who would have to pay it vs. those that would not), and that it is a disincentive for organizations who would typically want to grow ticket sales. She then stated that the second part of the meeting discussed how the money would be used if the ordinance passed.

She invited Councilmember Campbell to speak to the issue inviting him to explain what he understood regarding the various proposals related to use of funds generated. He clarified that it wasn't an admissions tax on all non-profit arts organizations, but all non-profits. It isn't specifically against arts. Vice-chair asked a point of clarification re: admissions vs. voluntary admissions/donations such as those that are collected at the Children's Museum of Tacoma. Commissioner Cardwell asked if colleges and universities were exempt. Commissioner Powers asked where the \$250,000 threshold came from.

Councilmember Campbell brought the discussion back to big picture reiterating the difficult situation regarding the budget. He noted that in his opinion, this revenue package is causing the most heartburn on the Council and indicated that there are many different proposals on the table and he doesn't know what the latest version looks like. He said that Council needs to find \$12.7 million in savings via revenue and/or cuts.



Amy informed the Commission that the Government Performance & Finance Committee would be meeting on February 15th at 4:30 in room 248 and the Commissions comments would be conveyed to the committee. Chair Echtle indicated she would be in attendance along with Commissioner Idstrom and invited other Commissioners to attend.

Commissioners had questions regarding administrative burden and how the process would be implemented. Commissioners and Councilmember Campbell discussed how it works, who pays it and who doesn't pay it. Commissioner Meyer described how the Blue Mouse collects 5% tax and the group identified various for-profit arts venues who currently pay the tax while similar non-profit venues don't.

Commissioner Powers asked if there is a proposed designation where this money would go considering the threats to the art program and staffing. He asked if this money can be directed back into the arts program?

Councilmember Campbell responded that in the only official proposal that has come before City Council (Ordinance #28044), there is no designation. He then shared some of the ideas and proposals that have been under discussion. One idea was proposed by some members of the arts community who suggested devoting some of the funds to marketing program of the arts & cultural activities in Tacoma and suggested directing 20% of the money into a marketing fund that would be overseen by a board who would develop a marketing plan that would be regional in scope and scale.

Commissioner Powers said "That sounds new and we are cutting existing services; services we hope to be sustainable. Why are you bringing up a new plan?" Councilmember Campbell responded that it is part of a balance, and reiterated that it would be 20% of the new. Discussion occurred to try and define the figures that had been offered (\$300k for this year \$600k for an entire year).

Councilmember Campbell added that the entire amount (including both for and non-profits) would be close to \$900 – 950,000 according to the estimations they were provided, however they don't know what exactly LeMay and Mc Menemins will bring in.

Commissioner Powers clarified that the designation of the monies could be lobbied for as part of the proposal; reiterating the cuts and threats to the arts program. Councilmember Campbell responded "yes."

Councilmember Campbell went on to say that 20% was to go to marketing but he contacted Mr. Fischer [David] to see what figure would be needed to really make a marketing program be successful in case 20% didn't result in enough to make it successful. Campbell stated that Fischer identified \$250,000 which would be more like 28%.

Chair Echtle supported Commissioner Powers' point regarding the designation of funds stating that when we are talking about cutting arts fund significantly, losing Art at Work month if more goes on the table, and we can anticipate that this budget discussion is not going to end. She indicated her concern for starting a new fund, with a new board, with new management, new citizens' input when the City has a system that is currently managed by the arts program and a citizens' advisory board/oversight (Tacoma Arts Commission). It is a system that has integrity, a reputation in the community of high regard.



Chair Echtle then stated her concern about the potential for the 80% difference going directly into the general fund to be spent on something that isn't related to the arts. She gave a statement regarding how the arts and the arts patrons are what draw her to downtown and make her feel safe.

Commissioner Brazzell thanks Councilmember Campbell for being willing to answer the Commission's questions and for his service. She then stated that her concern is for the degree of impact that this proposal would have for what we hope is a temporary economic problem. She warned that this sets in place the removal of this exemption forever for a budget impact that isn't much. She stated "I know that at some point we start grabbing at straws, but this isn't a very productive straw to grab in the overall scheme of the budget of the City of Tacoma. However 5% to the non-for profits is a real hit." Commissioners discussed passing the ticket tax onto the patrons, and how the tax can be a post purchase add-on.

Commissioner Kelly shared that as an employee at the Museum of Glass, she is someone who would be directly impacted by this tax as she will have to implement it and is very concerned about the specific details. She indicated that arts & cultural organization's attendance is down so we would be taxing a losing audience; seems like a disincentive. In addition, there will be a cost to the organizations to implement the process. She explained some concerns regarding the "science" of increasing ticket tax.

Commissioner Idstrom supported that ticket sales have been dropping and expressed a concern re: how the numbers are being calculated and if the projected revenue is accurate.

Chair Echtle called on Kit Evans, Executive Director of Hilltop Artists in Residence. She shared her concern about the philosophical shift at the City that would occur if we start treating non-profits the way we treat for-profits. The federal tax structure recognizes the difference. She indicated that she does not trust sunset law so doesn't even want to go down this path. She went on to say that she doesn't think the direction the City has set itself to date in regards to the arts shouldn't be given up, but should be fought for. She then indicated that if it came down to it that the arts organizations had to support the art program, then they could get together and figure out how to do it and avoid a 5% tax. She referred to the unfortunate immediacy of this and references the opportunity we could have had to tax the county citizens 1% to support arts organizations [I think she is referring to the Cultural Access Fund]. "An immediate decision that goes against the grain of what we've established here in terms of non-profits and arts support, doesn't strike me as a good decision."

Commissioner Meyer asked Ms. Evans if they charge sales tax when they sell a piece of glass. She confirmed that they do. She then said that sales tax is very different than when they have an event at the conservatory for example and charge admission for the event that is intended as a fundraiser, to pay the City 5% of that and then receive money from the City via Anchor Fund, seems silly. Councilmember Campbell confirmed that it can be circular.

Councilmember Campbell then shared that he floated an idea to put \$200,000 back into the arts program fund to support the Arts Administrator, the murals program and Spaceworks, and arts maintenance that includes the Chihuly Bridge of Glass.



Chair Echtle thanked Ms. Evans for her comments and paraphrased “What is the City’s commitment to our arts community?” In the past we’ve seen tremendous investment in the infrastructure and the performances of downtown and it was successful. I would hate to see that end and see the City say that “you can just fund yourselves.” It is a significant philosophical change that would be concerning. I don’t think the Council would say that they wash their hands of the arts and that they are going to walk away from the arts.

Commissioner Idstrom stated that she believes that City Council is smart and knows that the arts are one of the ever fewer reasons to come downtown. Councilmember Campbell confirmed that the Council is one of the most arts friendly Councils however we are faced with this budget crisis.

A discussion ensued around public safety.

Chair Echtle called the Commission to focus on the topic at hand.

Vice-Chair Kelly stated that the arts play a role in public safety. If we don’t have programs that engage kids in the arts then those kids will be more likely to break into cars and participate in negative activity. The arts are key to economic development and considerable investment by City Council, but it is part of our public safety program.

Councilmember Campbell reiterated that he is in support of money going back into the arts program.

Chair Echtle related that two groups who attended the January 31 meeting mentioned earlier, the Museum of Glass and America’s Car Museum LeMay, spoke out very strongly against the 20% going to a marketing/branding arts & culture fund. They felt that they have done their own marketing research as national/international organizations and that this money wouldn’t help them at all and didn’t think a national campaign would do much to support the symphony or other smaller local/regional arts organizations.

Commissioner Idstrom indicated that she thought that the 20% was off the table. Chair Echtle reminded the Commission that this is very fluid and we don’t know where it stands.

Councilmember Campbell reiterated that he wanted to see money go back to support the art program because as soon as 2012 discussion is over, they are going to go right back into discussing impacts to 2013-14.

Chair Echtle asked Ms. McBride if there were other precedents for creating a nexus between money that the city collects for admissions tax. Ms. McBride confirmed that Cheney Stadium and the Dome keep their 5% admissions tax that goes into an enterprise fund to support their organizations. Chair Echtle stated that there are four arts groups supporting all the other arts organizations in town and that they already do a lot to support the smaller arts organizations because understand that they are a community of arts connected as an ecosystem. She stated she thinks they would have a problem with funding going into the general fund without a nexus to the arts. She went on to point out that if we cut the arts programs it will cripple the small arts organizations. The grass roots things that so many people attend, don’t get a lot of money from the City, but it leverages tremendous activity.

Commissioner Idstrom stated that she sees this proposal as an “all boats sinking” proposition.

Chair Echtle then asked for a straw poll on a few of the items at hand clarifying that this is not an action item.



She asked if Commissioners would be comfortable with a show of hands for whether or not to support the 5%.

Commissioner Powers indicated that some people are not open to the 5% at all and would count himself as one of those but if it is inevitable, he would like to be pragmatic and organized about where the money goes.

Chair Echtle responded saying she heard two things and would ask for separate votes Part I:

- 1. A show of hands for “no thank you” 8 Commissioners
- 2. A show of hands for those “no thank you, but if so, we would like to give input re: where the money is directed. 9 Commissioners
- 3. A show of hands in support of the measure. 2 Commissioners

Ms. McBride clarified if the 2 yes’s were yes’s with no restrictions to use of funds or yes’s with the desire for a nexus to the arts?

Commissioner Cardwell responded that she needed more information however she would be comfortable saying no to a new marketing fund. Doesn’t want to send a message to these 4 arts organizations that they don’t know how to market themselves so the City is going to tax them and do it for them.

Commissioner Brazzell stated that the danger of earmarking for the arts is that it becomes a shell game.

Commissioner Meyer stated that it is never pleasant to have taxes, but if the City is having difficulties, then he is in favor of it. Doesn’t see 5% as harmful .

Commissioner Cardwell indicated that she views arts as essential and that every essential service needs to come to the table in this crisis. No one is exempt in this conversation. If the arts community says no, then we are out of the conversation. This puts us in line with essential services.

Commissioner Idstrom said that she agrees with much of Commissioner Cardwell’s comments. She grew up out of the country and understands that we are under taxed, but she isn’t for this measure.

- 4. Councilmember Campbell asked for a point of clarity re: the idea of the marketing/branding fund.
Show of support 0 Commissioners

