



ORDINANCE NO.

1 AN ORDINANCE relating to the tax code; amending Chapter 6A.20 of the
2 Tacoma Municipal Code, entitled "Admission Tax," to remove the
3 exemption provided to non-profit organizations in Section 6A.20.030.E;
4 require non-profit organizations with annual earnings of more than
5 \$300,000 or assets in excess of \$50,000,000 to collect a 5 percent tax
6 on all admission charges effective July 1, 2012; and establish specific
7 exemptions to the collection requirement for fundraising activities and
8 school-related events.

9 WHEREAS Chapter 6A.20 of the Tacoma Municipal Code ("TMC"),
10 "Admissions Tax," generally requires persons paying an admission charge to
11 pay a 5 percent tax on the charge, to be collected by the person receiving the
12 payment and on behalf of any sponsor providing the event, and

13 WHEREAS Chapter 6A.20 TMC has allowed exemptions to the
14 5 percent tax on admission charges for persons attending events sponsored by
15 non-profit organizations for over fifty years, and

16 WHEREAS in an effort to ensure fairness and equity among non-profit
17 organizations sponsoring various types of entertainment in the City and to avoid
18 placing an undue burden of collecting the admissions tax upon smaller
19 non-profit organizations, the proposed amendments to Chapter 6A.20 TMC will
20 remove the universal exemption provided to non-profit organizations, as set
21 forth in Section 6A.20.030 TMC, and establish the new Section 6A.20.035 TMC
22 that requires non-profit organizations with annual earnings of more than
23 \$300,000 or assets in excess of \$50,000,000 to collect the 5 percent tax on
24 admission charges effective July 1, 2012, with specific exemptions for:



1 (1) elementary and secondary school activities held at the school; (2) one
2 activity not longer than ten days per calendar year per elementary or secondary
3 school that is held off school property; (3) elementary or secondary school
4 athletic events held off school property with students from such school
5 participating in the event as athletes; (4) city- and county-operated public
6 celebrations; (5) students or chaperones attending events sponsored by
7 non-profit organizations as part of an elementary or secondary school
8 educational field trip; and (6) fundraising activities of non-profit organizations, as
9 defined in RCW 82.04.3651, and
10

11 WHEREAS, beginning January 1, 2013, the first \$500,000 of admissions
12 taxes collected in each calendar year will be placed in a special revenue fund
13 dedicated to the City's Arts Program, including all programs now funded by the
14 General Fund, and
15

16 WHEREAS the proposed amendments have been discussed with non-profit
17 organizations and reviewed at the November 16, 2011, Government Performance
18 and Finance Committee ("GPFC") meeting, the November 22, 2011, City Council
19 study session, and the February 15, 2012, GPFC meeting, and
20

21 WHEREAS the City Council will review all exemptions contained in the new
22 Section 6A.20.035 by December 31, 2015; Now, Therefore,
23
24
25
26



BE IT ORDAINED BY THE CITY OF TACOMA:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

That Chapter 6A.20 of the Tacoma Municipal Code is hereby amended, as set forth in the attached Exhibit "A."

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney



EXHIBIT "A"

**Chapter 6A.20
ADMISSION TAX**

Sections:

- 6A.20.010 Administrative provisions.
- 6A.20.020 Definitions.
- 6A.20.030 Tax levied.
- 6A.20.035 Exemptions.
- 6A.20.040 Cover charge – Payment for refreshments.
- 6A.20.050 Price to show on ticket.
- 6A.20.060 Collection and payment of tax.

* * * * *

6A.20.020 Definitions.

For the purpose of this chapter, the following words and phrases are defined as follows:

“Admission charge,” in addition to its usual and ordinary meaning, shall include, but not be limited in meaning to, a charge made for season tickets or subscriptions; a cover charge or a charge made for use of seats and tables, reserved or otherwise, and similar accommodations; a charge made for food and refreshments in any place where any free entertainment, recreation, or amusement is provided; a charge made for rental or use of equipment or facilities for purposes of recreation or amusement, including, but not limited to, golf, golf driving ranges, swimming pools, archery, pool, billiards, shuffleboard, picture machines, amusement rides (whether such rides are restricted to tracks or not), automatic baseball, table-type bowling games, all other ball-operated games, and where the rental of the equipment or facilities is necessary to the enjoyment of the privilege for which a general admission is charged, the combined charge shall be considered as the admission charge; and a charge made for automobile parking where the amount of the charge is determined according to the number of passengers in an automobile. A donation for admittance shall be deemed an admission charge.

“Admission charge” also includes any service charge, mailing fee, or other ancillary payment, per ticket and/or per order, whether or not they are printed on the ticket.

“Elementary or secondary schools” shall mean any school enrolling students in any of the grades from kindergarten through 12.

“Fund-raising activity” means soliciting or accepting contributions of money or other property or activities involving the anticipated exchange of goods or services for money between the soliciting organization and the organization or person solicited, for the purpose of furthering the goals of the nonprofit organization. "Fund-raising activity" does not include the operation of a regular place of business in which sales are made during regular hours such as a bookstore, thrift shop, restaurant, or similar business or the operation of a regular place of business from which services are provided or performed during regular hours such as the provision of retail, personal, or professional services. Such fund-raising activities are reported as contributions on Internal Revenue Service Form 990 or 990EZ and are not part of an organization's program service revenue.

“Fiscal Year Earnings” means earnings from program service revenue as reported to the Internal Revenue Service on Form 990 or Form 990EZ as said forms now exist or may be amended.



1 "Place" includes, but is not restricted to, theaters; dance halls; amphitheaters; auditoriums; stadiums;
2 athletic pavilions and fields; baseball and athletic parks; circuses; swimming pools; golf courses; outdoor
3 amusement parks; such attractions as merry-go-rounds, Ferris wheels, roller coasters; observation towers;
4 private clubs; any cabaret; any private club conducting cabaret activities; or any similar place of
5 entertainment.

6 **6A.20.030 Tax levied.**

7 A. There is hereby levied and imposed upon every person, without regard to age, who pays an admission
8 charge a tax in the amount of 5 percent on each admission charge paid. Any fraction of tax \$0.005
9 or more shall result in a tax at the next highest full cent. This shall be the charge, except as provided in
10 the following subsections.

11 B. Any person having the permanent use of boxes or seats or a lease for the use of any box or seat in any
12 place for which an admission charge is made shall pay a tax in the amount of 5 percent on the admission
13 charge or charge for season or series ticket or box lease. Any fraction of tax \$0.005 or more shall result
14 in a tax at the next highest full cent.

15 C. The tax on reduced admission charges shall be charged on such reduced charge and not on the regular
16 admission charge.

17 D. If the ticket price is accompanied by a service charge, mailing fee, or other ancillary payment, per
18 ticket and/or per order, the admission tax shall be based upon the total sum of the admission price plus
19 any such surcharge(s), whether or not they are printed on the ticket or order.

20 **6A.20.035 Exemptions**

21 A. No tax shall be levied on any person who is admitted free and from whom no compensating payment
22 is obtained.

23 B. Such tax shall not apply to any person paying an admission to any activity of any elementary or
24 secondary school; provided, however, that this exclusion shall apply only to activities conducted at the
25 school and to one activity per calendar year not longer than ten days if held off the school property.

26 C. Such tax shall not apply to any person paying an admission to any athletic event sponsored or
conducted by an elementary or secondary school wherein the athletic participants are students in such
school.

D. Such tax shall not apply to any person attending an event when: 1) the principal purpose of the
primary sponsor of the event is the public performance or exhibition of visual or performing arts,
historical objects, or scientific works; 2) the primary sponsor is exempt from taxation pursuant to
RCW 82.04.3651; and 3) such persons are students or chaperones participating in an elementary or
secondary school educational field trip.

E. Such tax shall not apply to any person paying an admission to an event or activity when: 1) the
principal purpose of the primary sponsor of the event is the public performance or exhibition of visual or
performing arts, historical objects, or scientific works; 2) said sponsor is located in the City; 3) said
sponsor is exempt from taxation pursuant to RCW 82.04.3651; and 4) said sponsor's fiscal year earnings,
as defined in this chapter, are less than \$300,000, provided however, effective July 1, 2012, sponsors
whose 2010 fiscal year end earnings were \$300,000 or more, or if the sponsor's total assets exceed
\$50,000,000, such sponsor shall collect the tax provided in subsection 6A.20.030.A for events and
activities July 1, 2012 through December 31, 2012. Beginning January 1, 2013, if fiscal year earnings are
\$300,000 or more for any fiscal year, such tax shall apply to any person paying an admission to events by
such sponsor scheduled January 1 through December 31st of the next calendar year.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

E. Effective July 1, 2012, such tax shall not apply to any person paying an admission to an event or activity when: 1) the principal purpose of the primary sponsor of the event is the public performance or exhibition of visual or performing arts, historical objects, or scientific works; 2) said sponsor is located in the City; 3) said sponsor is exempt from taxation pursuant to RCW 82.04.3651; and 4) said sponsor's fiscal year earnings, as defined in this chapter, are less than \$300,000, and the sponsor's total assets do not exceed \$50,000,000. Sponsors with fiscal year earnings of \$300,000 or more, or with total assets in excess of \$50,000,000, shall collect the tax provided in subsection 6A.20.030.A for events and activities July 1, 2012 through December 31, 2012. Beginning January 1, 2013, if fiscal year earnings are \$300,000 or more for any fiscal year, such tax shall apply to any person paying an admission to events by such sponsor scheduled January 1 through December 31st of the next calendar year.

F. Such tax shall not apply to any person paying an admission to a public celebration sponsored by a city or county and such admission is collected by a city or county.

G. Such tax shall not apply to any person paying an admission to a fund-raising activity as defined in this Chapter.

* * * * *