

Ordinance No. 123155

Council Bill No. 116685

AN ORDINANCE relating to the Admission Tax, increasing the set-aside of certain Admission Tax proceeds for arts purposes beginning in January 2010, and amending Section 5.40.120 of the Seattle Municipal Code.

# The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Jean Golden  
Councilmember

## Committee Action:

11-10-09 Divided Report  
Pass JG, SC, RC, BH, NL, TR  
Do Not Pass: RM

11-23-09 Passed 9-0

CF No. \_\_\_\_\_

Date Introduced:	<u>10-19-09</u>	
Date 1st Referred:	To: (committee) <u>Budget</u>	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage:	Full Council Vote:	
<u>11-23-09</u>		
Date Presented to Mayor:	Date Approved:	
<u>11-23-09</u>	<u>12-1-09</u>	
Date Returned to City Clerk:	Date Published:	T.O. _____ F.T. <input checked="" type="checkbox"/>
<u>12-3-09</u>		
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

This file is complete and ready for presentation to Full Council. Committee: \_\_\_\_\_  
(initial/date)

*Law Department*

Law Dept. Review	OMP Review	City Clerk Review	Electronic Copy Loaded	Indexed
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**ORDINANCE** 123155

1  
2 AN ORDINANCE relating to the Admission Tax, increasing the set-aside of certain Admission  
3 Tax proceeds for arts purposes beginning in January 2010, and amending Section  
4 5.40.120 of the Seattle Municipal Code.

5 WHEREAS, Seattle's arts and cultural organizations and artists leverage the City's investment  
6 multiple times over in the community, and provide significant public benefits as a result  
7 of these investments; and

8 WHEREAS, the Office of Arts & Cultural Affairs (OACA) and its citizen advisory body, the  
9 Seattle Arts Commission, are committed to increasing public access to arts and culture,  
10 especially for Seattle's racially and ethnically diverse populations; and

11 WHEREAS, on November 27, 2000, the City Council passed Ordinance 120183, which  
12 amended Section 5.40.120 of the Seattle Municipal Code to create a new account in the  
13 General Subfund of the General Fund, required the deposit of twenty percent (20%) of all  
14 unrestricted Admission Tax receipts into such account, and required annual  
15 appropriations from that account to OACA for certain arts-related purposes; and

16 WHEREAS, the original intent of dedicating a portion of Admission Tax revenue to arts and  
17 culture was to provide a relatively stable, reliable and dedicated revenue stream to fund  
18 OACA's core programs; and

19 WHEREAS, General Subfund allocations currently supplement OACA's operating budget and  
20 dedicating additional Admission Tax revenue will provide more stable funding for  
21 OACA's award-winning programs; and

22 WHEREAS, the Mayor and City Council wish to fund OACA's non-public art programs solely  
23 with actual Admission Tax revenues by increasing the percentage dedicated to arts and  
24 culture from twenty percent (20%) to seventy-five percent (75%); and basing annual  
25 appropriations on actual collections data, beginning on January 1, 2010; and

26 WHEREAS, seventy-five percent (75%) of the most recent year's actual adjusted Admission Tax  
27 revenue, excluding revenue paid by the Seattle Super Sonics, Seattle Center Fun Forest  
28 and certain music venues exempted from the Tax by ordinance, is equivalent to OACA's  
2010 Endorsed Budget, which was based on Admission Tax funding at the twenty-  
percent level as well as General Subfund support, making this action budget-neutral in  
2010; and

WHEREAS, funding OACA's annual budget strictly with Admission Tax revenue, as opposed to  
supplementing it with General Subfund revenue, provides an incentive for OACA to  
advance and strengthen community cultural development, the Arts Partnership Initiative



1 with Seattle Public Schools, and the artistic and creative sector workforce; NOW,  
2 THEREFORE,

3 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

4 Section 1. Effective January 1, 2010, Section 5.40.120 of the Seattle Municipal Code is  
5 amended as follows:

6 **5.40.120 Receipts to General Subfund and Arts Account.**

7 All receipts from the admission tax levied in this chapter shall be placed in the General  
8 Subfund of the General Fund, except that (~~from January 1, 2005, through December 31, 2005,~~  
9 ~~fifteen (15) percent of all admission tax receipts, other than receipts generated by men's~~  
10 ~~professional basketball games, and from and after January 1, 2006, twenty (20) )~~seventy-five  
11 (75) percent of all admission tax receipts(~~, other than receipts generated by men's professional~~  
12 ~~basketball games,)) shall be deposited into the Arts Account of the General Subfund of the~~  
13 General Fund. Money in the Arts Account of the General Subfund shall be annually  
14 appropriated to the Office of Arts and Cultural Affairs for the following purposes:  
15

- 16
- 17 A. Initiatives to keep artists living, working and creatively challenged in Seattle;
  - 18 B. Initiatives to build community through the arts and create opportunities for the public  
19 to intersect with artists and their work; and
  - 20 C. For each new generation, initiatives that include art opportunities for youth in and out  
21 of school.
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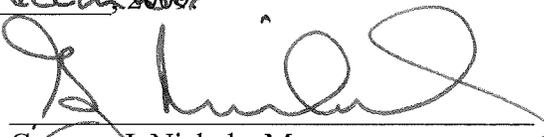


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2 Section 2. This ordinance shall take effect and be in force thirty (30) days from and after  
3 its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days  
4 after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

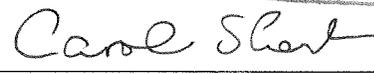
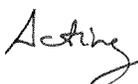
5 Passed by the City Council the 23<sup>rd</sup> day of November, 2009, and signed by me in open  
6 session in authentication of its passage this 23<sup>rd</sup> day of November, 2009.  
7

8   
9 President \_\_\_\_\_ of the City Council

10 Approved by me this 1<sup>st</sup> day of December, 2009.

11   
12 Gregory J. Nickels, Mayor

13 Filed by me this 3<sup>rd</sup> day of December, 2009.

14   
15  Acting City Clerk

16 (Seal)



**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>DOF Analyst/Phone:</b>
Office of Arts & Cultural Affairs	Jane Morris, 684-8362	Janet Credo, 684-8687

**Legislation Title:**

AN ORDINANCE relating to the Admission Tax, increasing the portion of the set-aside of certain Admission Tax proceeds for arts purposes beginning in January 2010, and amending Section 5.40.120 of the Seattle Municipal Code.

• **Summary of the Legislation:**

The Office of Arts and Cultural Affairs (OACA) submitted a proposal to the Department of Finance whereby all of its non-public art funding, which currently consists of a combination of General Subfund monies and Admission Tax revenues, would shift to a new model entirely funded by Admission Tax receipts. This change would increase the percentage of Admission Tax revenue from its current level of twenty percent to seventy-five percent, and eliminate General Subfund allocations entirely. The action taken by this legislation, which is budget neutral in 2010, provides incentive for OACA to advance and strengthen cultural development in Seattle's Public Schools, neighborhoods, and in its artistic and creative sector workforce.

- **Background:** *(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable):*

A portion of Admission Tax revenue was first proposed to supplement the General Fund budget appropriation for OACA in the 2000 Adopted Budget (Ordinance 120183). This funding, which was originally approved at the twenty percent level, was subsequently suspended in response to the economic downturn of 2001 (Ordinance 120644), and later returned to its original twenty percent level, effective January 1, 2003 (Ordinance 120975).

Until now, OACA has received twenty percent of Admission Tax revenue, with the remainder of the OACA operating budget appropriated from the General Subfund. The attached Bill would increase OACA's Admission Tax allocation from twenty percent to seventy-five percent, eliminating the Office's General Subfund support in its entirety. Specifically, OACA will calculate its seventy-five-percent Admission Tax allocation based on data from the most recent year for which actual revenue figures are available. OACA's 2010 Proposed Budget, therefore, is based on year 2008 Admission Tax receipts that include adjustments to account for the loss of the Seattle SuperSonics, certain music venues exempted by ordinance, and Seattle Center Fun Forest revenues. These adjustments will be incorporated in the 2009 revenue figure when OACA develops its 2011 budget. Using this new methodology, OACA's 2010 Proposed Budget (seventy-five percent of the 2008 adjusted Admission Tax receipts) is equivalent to its 2010 Endorsed (twenty percent of the 2008 Admission Tax receipts plus General Subfund support),



minus approved budget cuts taken to address the current economic downturn. Beginning in 2012, only a simple calculation of seventy-five percent of total Admission Tax receipts will be used.

The action taken by this Bill will provide stability for OACA's award-winning programs and documented success in reaching diverse communities to promote cultural vitality in Seattle. This shift will help ensure that authentic community cultural development work continues in a tough economy.

Many cultural service agencies like OACA rely solely on a dedicated revenue stream (hotel/motel tax, property tax, sales tax, admission tax, etc.) to sustain leadership and economic stability for a sector that operates on razor thin margins. Shifting OACA's General Fund to Admission Tax provides incentive for OACA to advance and strengthen community cultural development, the Arts Partnership Initiative with Seattle Public Schools, and the artistic and creative sector workforce.

**X This legislation has financial implications.**

**Summary of Changes to Revenue Generated Specifically From This Legislation:** *For budget legislation that changes revenue (e.g., fees, taxes, etc.), please provide detail on each revenue-producing item that is being changed, when it was last changed, and how the item's new overall cost compares with similar costs charged elsewhere in the region.*

Fund Name and Number	Revenue Source	Budget Control Level	2009 Appropriations	2010 Proposed Appropriations
Arts Account (00140)	Admission Tax	VA140	\$1,186,394	\$3,735,517*
General Subfund (00100)	General Fund	VA140	\$2,941,814	
<b>TOTAL</b>		*	<b>\$4,128,208*</b>	<b>\$3,735,517*</b>

*\*Notes: The \$3,735,517 figure includes seventy-five percent of 2008 Admission Tax receipts, adjusted for Seattle SuperSonics, Seattle Center Fun Forest, and certain music venue revenues that will not be present in future years, as well as approved budget cuts. This amount is equivalent to OACA's original 2010 Endorsed Budget that included twenty percent of Admission Tax receipts plus General Subfund allocations for the Arts Account, adjusted for 2010 budget cuts.*

- **What is the financial cost of not implementing the legislation?** Budget neutral.

**Does this legislation affect any departments besides the originating department?** No



**What are the possible alternatives to the legislation that could achieve the same or similar objectives?** OACA could continue receiving funding from a combination of Admission Tax and General Fund revenues.

**Is the legislation subject to public hearing requirements:** No

- **Other Issues (including long-term implications of the legislation):**
- **List attachments to the fiscal note below:** *(Please include headers with version numbers on all attachments, as well footers with the document's name (e.g., DOF Property Tax Fisc Att A)*





# City of Seattle

Gregory J. Nickels, Mayor

## Office of the Mayor

September 25, 2009

Honorable Richard Conlin, President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

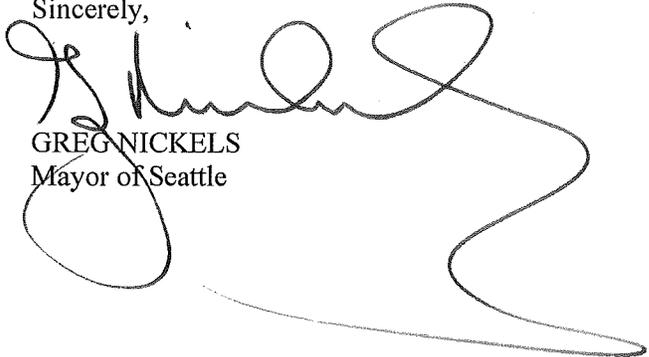
Dear Council President Conlin:

I am pleased to transmit the attached proposed Ordinance for consideration with the 2009 Proposed Budget. This legislation increases the percentage of annual Admission Tax revenue allocated to the Office of Arts & Cultural Affairs (OACA) and eliminates all General Fund support of its budget. The action taken by this legislation, which is budget neutral in 2010, provides incentive for OACA to advance and strengthen community cultural development, the Arts Partnership Initiative with Seattle Public Schools, and the artistic and creative sector workforce.

Many cultural service agencies like OACA rely solely on dedicated revenue streams such as hotel/motel taxes, property taxes, sales taxes, admission taxes, etc., to provide economic stability for a sector that operates on razor thin margins. Until now, OACA has applied twenty percent of the City's total annual Admission Tax revenue toward its operating budget, and has funded the remainder with General Subfund dollars. The attached Bill would increase OACA's Admission Tax allocation from twenty to seventy-five percent, eliminating General Subfund support entirely. Specifically, OACA will calculate its seventy-five-percent Admission Tax allocation based on data from the most recent year for which actual revenue figures are available. OACA's 2010 Proposed Budget, therefore, is based on year 2008 Admission Tax receipts that include adjustments to account for the loss of the Seattle Supersonics, certain music venues that are exempt by previous ordinance, and Seattle Center Fun Forest revenues. These adjustments will be incorporated to the 2009 revenue figure when the budget is developed for 2011.

According to Dunn & Bradstreet data used in a Creative Industries report by Americans for the Arts, Seattle is home to more arts and arts-related businesses, per capita, than any other city in the nation, housing more than 4,000 businesses that employ in excess of 21,000 people. For nearly four decades, the City of Seattle has developed a strong partnership with the cultural community, transforming it into one of America's top cities for arts and culture, thereby creating an urban environment where people want to live and prosper. Thank you for your consideration of this legislation. Should you have questions, please Michael Killoren at 684-7173.

Sincerely,



GREG NICKELS  
Mayor of Seattle

600 Fourth Avenue, 7<sup>th</sup> Floor, P.O. Box 94749, Seattle, WA 98124-4749

Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, E:mail: [mayors.office@seattle.gov](mailto:mayors.office@seattle.gov)

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STATE OF WASHINGTON - KING COUNTY

--SS.

248057  
CITY OF SEATTLE, CLERKS OFFICE

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

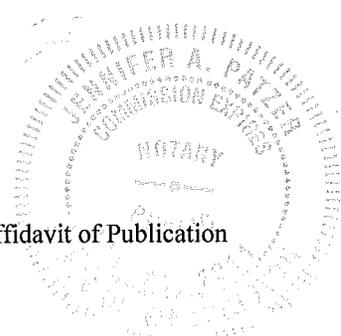
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:123155 ORDINANCE

was published on

12/10/09

The amount of the fee charged for the foregoing publication is the sum of \$ 169.80, which amount has been paid in full.



Affidavit of Publication

*[Signature]*  
Subscribed and sworn to before me on  
12/10/09 *[Signature]*  
Notary public for the State of Washington,  
residing in Seattle

