EVANSTON

Amusement Tax Discussion

January 27, 2020
CURRENT AMUSEMENT TAX

Evanston City Code, Section 3-2-17-2:

Any event, exhibition, performance, presentation, or show for amusement purposes which is exhibited or staged in the City, including, but not limited to, the following:

(A) Any comedic, theatrical, dramatic, musical, opera, or spectator performance (except athletic contests) or production, or similar live or recorded amusement;

(B) Any show, motion picture show, antique or flower show, speech or lecture;

(C) Any exhibition of art or handicrafts or products;

(D) Any poultry or animal show, animal act, circus, or rodeo.
CURRENT AMUSEMENT TAX

Evanston City Code, Section 3-2-17-1:

The amusement tax shall not apply to the following:

(A) Governmental Agencies
(B) Religious Societies or Organizations
(C) Live performances conducted or sponsored by not-for-profit institutions, organizations, groups or societies where no part of the net earnings inure to the benefits of any private shareholder or person.
# AMUSEMENT TAX REVENUE

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>2016 Actual</td>
<td>$320,692</td>
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<tr>
<td>2017 Actual</td>
<td>$247,968</td>
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<tr>
<td>2018 Actual</td>
<td>$339,153</td>
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<tr>
<td>2019 Budget</td>
<td>$315,000</td>
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<tr>
<td>2019 Actual*</td>
<td>$655,774</td>
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<td>2020 Budget**</td>
<td>$430,000</td>
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*2019 Actual includes one-time payment of $240,000 of prior year taxes.

**2020 Budget increased by $115,000 over 2019 budget - $75,000 for rate increase from 4% to 5%, $40,000 for new events at Welsh-Ryan Arena.
POTENTIAL CHANGES

Memo from staff includes a series of potential changes to the amusement tax ordinance.

These are presented separately for clarity but may be used in combination to achieve the desired outcome.
POTENTIAL CHANGES

1. Remove non-profit exemption

2. Add seat size minimum for application of tax
   a. Could apply to only non-profit or for profit, or establish different minimum thresholds for these categories
   b. Cook County - 750 seats; Chicago - 1500 seats
   c. Data on seats for Evanston venues included as attachment to memo
POTENTIAL CHANGES

Seating estimates at Evanston venues:

- Welsh-Ryan Arena - 8,117 seats (limit of 7,000 for private events)
- Pick-Staiger Concert Hall - 1,000 seats
- Nichols Concert Hall, Music Institute - 5,000 seats
- Century Theaters - 3,000 seats
- Space Evanston - 350 indoor capacity
- Northlight Theater - 300 seats (expected)
- Theo Ubique - 85 seats
POTENTIAL CHANGES

3. Add exemption for types of events or locations
   a. “Itinerant theater” or other groups without own performance space
   b. Events held in a business where holding amusements is not primary business purpose, i.e. restaurant or coffee shop

4. Add types of amusements
   a. Skokie: Virtual reality, arcade games
   b. Chicago: Pub crawls, tours, other participatory amusements
ADDITIONAL CONSIDERATIONS

- Personal consumption expenditures on experience-related services outpaced personal consumption on goods by nearly 4% from 2014-2016 with the fastest growing consumer experiences being events and activities, according to analysis from U.S. Bureau of Labor Statistics and McKinsey & Company.
- 2017-18 Chicago MSA average annual percentage of income spent on entertainment is 1.4% greater than apparel and other services (U.S. Bureau of Labor Statistics).
- Research by Harris Group showed 72% of millennials, now the largest spending cohort, prefer to spend more money on experiences than materials goods.