



BORGES & BORGES

STRATEGISTS

Re: Columbus Arts & Culture – Admissions Tax Research – Revised

Borges & Borges conducted research focused on admission taxes throughout the U.S. concentrated on non-profit exemptions, tax rates, and where the revenue was directed. We looked at cities similar to Columbus and cross-referenced them to arts organizations from the Arts and Economic Prosperity Studies conducted by the Americans for the Arts in 2012 and 2017 to create the following list:

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| — Charlotte, NC | — Phoenix, AZ |
| — Raleigh, NC | — San Diego, CA |
| — Austin, TX | — Sacramento, CA |
| — Indianapolis, IN | — Boulder, CO |
| — Kansas City, MO | — Seattle, WA |
| — St. Louis, MO | — Nashville, TN |
| — Louisville, KY | — Oklahoma City, OK |
| — Minneapolis, MN | — Jackson, MS |
| — Omaha, NE | — Portland, OR |

From this list, all cities have some type of admissions tax with the exception of San Diego and Sacramento. Our research also included Cleveland and Cincinnati, both of which have admissions taxes and were not included in the Americans for the Arts studies.

Compiling and reviewing news articles, studies, lawsuits, tax codes and other relevant information uncovered during the research process, we have come to the following conclusions:

- While small arts theaters and halls claim that an admission tax would hurt their attendance, few to none have data supporting those claims. An increase in admission prices does not necessarily correlate with a decrease in admission. Most studies about admissions taxes are focused on sporting events and stadium games, not impacts within the arts communities. There are a variety of factors that impact attendance and the composition of performing arts audiences outside of price. The concern is about the impact of an increased price on attendance, not necessarily a tax. Our research leads us to believe that it is highly unlikely incremental increases in tax, or price, reduce the size of audiences already paying current prices.
- There are a few exceptions when it comes to applying the admissions tax: Events in which the person(s) participating in the event are not paid or do not compete for money, religious or charitable events, free/complimentary admission tickets, venues that hold fewer than one thousand people, and certain nonprofits.
- The most common type of ticket tax is a broader sales tax that also covers admissions. These are generally at the state and county levels with occasional local sales taxes collected by the city.



general fund to offset additional public safety costs associated with citywide entertainment activities.

- Nashville has an amusement tax with the second highest rate we have found thus far – 9.25%. This is a combined state and local tax on admission to amusement, recreational, and entertainment events, including those falling under the category of arts and culture. The revenue collected is distributed to the state and local general funds, with half of the collection put towards funding schools.
- Portland is uncommon with their specific local arts tax. They tax anyone over the age of 18-years-old and earning \$1,000 or more in annual income, except seniors or permanently disabled individuals, about \$35 per person on average. Collected revenue is distributed to six Portland school districts to support their arts programs and to the Regional Arts & Culture Council. The council distributes 95% of revenue received to nonprofit arts grants and arts city contracts.

Further research focused on the price of admission when applied to performing arts due to the concern that “price” and “tax” would carry the same meaning. Studies that correlate ticket price with attendance are generally conducted over sporting events and performance art, focusing mostly on audience composition and background. Following on additional research, we have come to the following conclusions:

- It is common for arts organizations to undercharge for tickets. This is most likely related to the fact that the ticket price is generally not considered the “full price” of attendance when one takes into account the cost of transportation, dining, and any other expenses associated with attending an arts event. Undercharging is also used when incentivizing donations and attempting to attract a broad audience.
- Educational attainment is a strong factor of arts participation and attendance, more so than income. The higher the education level, the more likely one is to attend an arts performance. However, any type of formal arts training and other similar social lifestyle factors carry more weight than education when it comes to attendance.
- Prices and geographical concentration are generally not correlated with participation.
- As in sporting events, quality of the product matters. Baseball fans are likely to attend games based on the competition, who is in the pitching lineup, etc. The same concept applies to performance art.
- Top reasons for not attending arts performances, in order, are: Unable to follow art in a foreign language; prefer not to precommit time; too expensive; and prefer other use of leisure time.



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| City of Austin (TX) | Sales Tax on Admissions | 6.25% - 8.25% (Varies by city/county), Austin - 8.25% |
| City of Seattle (WA) | Admissions Tax | 5% |

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PEER CITY ADMISSION TAXES

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|-------------|-------|----------------|-------|
| Cincinnati | 3% | Nashville | 9.25% |
| Cleveland | 8% | Indianapolis** | 10% |
| Charlotte* | 7.25% | Kansas City* | 6% |
| Louisville* | 6% | Pittsburgh | 5% |
| Milwaukee | 5% | St. Louis* | 5.45% |

% indicated is the total % paid by venues and events on admissions within that city. This is sometimes a combination of state, county, and/or city tax and is not an indication that the city is the sole recipient of tax proceeds.

*Indicates where admissions are included in a broader sales tax implemented by a combination of city, county and/or state legislation. Nonprofits are exempted in a majority of these cities. State and county sales taxes in Ohio do not include admissions.

**In Indianapolis the fee is applied only to professional sports.