

# The Columbus Dispatch

Opinion

## Editorial: Columbus ticket tax deserves support but not in current form

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The notion of a ticket tax to benefit arts in Columbus has been pending since late January, but significant concerns remain to be addressed before Columbus City Council gives the concept thumbs up or thumbs down.

In fact, the council should not limit itself to an up or down vote on the current proposal; some modification is the better course.

Without initially specifying a rate, the Greater Columbus Arts Council proposed the idea of a citywide ticket tax to support arts organizations and help maintain Nationwide Arena, and we expressed preliminary support. We continue to believe there is a need for more local support for the arts and for stable funding of the arena, which has been owned and operated since 2011 by the Franklin County Convention Facilities Authority, a city-county government entity.

We suggested then that city council needed to answer two primary questions: Does a financially healthier arts-and-cultural scene justify asking people to pay more for tickets? And does Nationwide Arena bring enough benefit to the community to deserve a cut?

Taking the arena question first — clearly an impediment to a municipal ticket tax for some opponents — the 7 percent tax rate proposal ultimately put forth by GCAC in September argues favorably for sharing proceeds of the fee with Nationwide.

While the tortured history of Nationwide Arena's funding and ownership understandably raises hackles, the fact remains that the ticket-tax idea isn't a giveaway to the arena. Under the current proposal, sales of tickets to arena events would account for about 40 percent of the total tax take of around \$14 million a year. With just 30 percent of the ticket tax revenue earmarked for arena maintenance, arena sales would actually be a net contributor to funding for the arts.

So the argument put forth by some opponents that other venues would be supporting the arena is a false narrative.

As for asking people to pay more for entertainment and sports tickets to support Columbus' arts and culture, that is certainly preferable to enacting a broader, general sales tax for the same purpose. A ticket tax is a user fee, after all, and buyers have a choice in whether to attend events that cost a little more due to a ticket tax.

Buyer choice is the rub for a coalition of opponents represented in public forums by local entertainment promoters Jim Lorimer and Bret Adams. Lorimer — whose storied career includes stints as FBI agent, Nationwide insurance lobbyist and mayor of Worthington — opposes the tax as co-founder of the Arnold Sports Festival, now a global enterprise with Arnold Schwarzenegger. Adams specializes in sports and entertainment representation and operates the Bluestone event center.

The opponents contend a ticket tax of any size will hurt sales and drive away visitors who fill Columbus hotels and restaurants and generate related revenue, including the city's hotel bed tax that already supports the arts to the tune of about \$7 million a year.

But available data suggests otherwise.

According to the Ohio Department of Taxation, a total of 63 municipalities across the state had municipal admissions taxes in effect from 2014 through 2016, and tax revenue produced by those taxes has enjoyed healthy growth.

There was a 9.9 percent increase from 2013 to 2014, when \$28.9 million was collected statewide; and 2016 saw a 23.5 percent spike in municipal admissions taxes over 2015 as collections totaled \$37.9 million — all with no increase in the number of cities levying the tax.

So clearly, ticket taxes are not driving people away from sports and entertainment events.

For moviegoers, even a 7 percent tax rate would add 63 cents to an average ticket price of about \$9. That's small change compared to what patrons pay for popcorn and a soft drink. And those buying high-priced concert tickets of \$100 or more are not likely to be deterred by a \$7 add-on fee.

Regardless, we believe 7 percent is too high a tariff. For two-thirds of Ohio cities with admissions taxes, the rate is just 3 percent, according to the state tax department. Cleveland is the outlier at 8 percent, and a proposal earlier this year to raise Cincinnati's rate from 3 to 5 percent for social

services could not attract enough enthusiasm to even make it to a vote.

With no ticket tax, Columbus currently has an advantage in competing for concerts and events over cities that already have one. With a more-modest tax, the city can tap into steady support for the arts and the arena without forfeiting that advantage completely.

GCAC has based the rate it is seeking on the amount of money it says is needed to shore up Columbus' nonprofit arts organizations and help Nationwide with ongoing maintenance — which it calculates at about \$14 million.

But the arts council has left a major potential revenue source off the table. With no clear legal prohibition and conflicting opinions on the issue, GCAC has declined to include the biggest game in town — college sporting events and Ohio State University football tickets in particular — among tax targets. That's a source the city council should seriously explore; tapping it could allow for a smaller tax rate to be imposed.

And regardless of the outcome on a ticket tax, we encourage corporate and business leaders to do more to support the arts in Columbus. A vibrant arts and culture scene is an important component to making this city attractive for new businesses and more enjoyable for those who already call Columbus home.