Legislation Details (With Text)

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Res. No. 1280

Resolution calling upon the New York State Legislature to introduce and adopt, and the Governor to sign, legislation which would authorize the city of New York to establish a Small Performance Venue Business Tax Credit.

By Council Members Gerson, Fidler, James, Liu and White Jr.

Whereas, No other city in the country currently comes close to competing with New York City's rich, vibrant and diverse music scene; and

Whereas, New York City is home to a plethora of famous musicians and bands such as Duke Ellington, Miles Davis, Billie Holiday, The Velvet Underground, Ella Fitzgerald, Barbara Streisand, Paul Simon, and the Talking Heads, just to name a few; and

Whereas, The majority of these now world-renowned musicians and bands started their careers performing in the City's small performance venues which provide a unique opportunity for unknown musicians to practice their art in front of live audiences in an affordable and acoustically supportive space; and

Whereas, In recent years, however, the number of the City's small performance venues has drastically declined as the City's soaring real estate prices have forced many of these venues to close or relocate; and

Whereas, Since 2005, New Yorkers have witnessed the closing of Tonic, a nightclub tucked away on the Lower East Side known for its avant-garde music; Fez, a small-seated venue located on Lafayette Street which, according the New York Times, "inspired a downtown cabaret renaissance"; the rock club Sin-e, most recently located on Attorney Street on the Lower East Side, known for its up-and-coming musical acts; Brownies, in the East Village, referred to as a "temple of alternative rock"; the Bottom Line, located right off of Washington Square Park which opened in 1974 as a showcase venue for jazz musicians and singer-songwriters like Al Stewart and Doc Watson; Luna Lounge, a club which "helped establish Ludlow Street as a nocturnal destination"; and the venerable punk club CBGB which opened in 1973 and since such time helped launch the careers of bands such as the Ramones, Blondie, Talking Heads, Patti Smith and Television; and

Whereas, The closing of these clubs, which indisputably helped build the City's music scene during the last three (3) decades not only threatens the health of the City's diverse music community but also makes its exceedingly difficult for the City's struggling musicians, who, on average, make less than $50,000 annually, according to a recent NYC Performing Art Spaces survey, to find affordable and suitable places to perform; and

Whereas, With demand outstripping supply, existing facilities are beginning to increase rental rates and adopt "pay to play" policies whereby musicians are in effect subsidizing the City's rising rents, according to an article published in the October 2007 issue of Allegro Magazine; and

Whereas, With market forces averse to cultivating the City's musical population, the City will continue to be threatened with a mass exodus of musicians to cities and countries more affordable and amenable to the professional survival of musicians; and

Whereas, In 2005, after the City was experiencing a similar situation in the film and television industry, the Council, together with the Mayor, passed legislation to provide a film tax credit (currently equal to $30 million annually) to help lure film productions back to the City and counter the flight of production jobs to

more affordable places such as Toronto, Montreal and Vancouver; and

Whereas, Under current law, the film tax credit provides a partially refundable tax credit against the City's General Corporation Tax (GCT) and Unincorporated Business Income Tax (UBT) to film and television producers for certain costs incurred in the production of film and television episodes in New York City for the purpose of providing financial incentives for the such productions; and

Whereas, In 2006, the Mayor's Office of Film, Theatre and Broadcasting described the incentive as an "unqualified success" which provided 10,000 additional City jobs, generated $1.5 billion for the City in direct and indirect economic activity, and propelled a 35% increase in location-shooting days in 2005; and

Whereas, Providing a similar tax credit to owners of individual small performance venues (defined as a venue with a public assembly limit of 250 person or less) based on the amount of prevailing wages paid by the owner to musicians performing at such venues would not only offset some of the City's escalating rental costs but would also ensure that such venues provide fair and equitable pay to musicians who are subsequently required to pay City income taxes associated with such wages; and

Whereas, Legislators in other states and cities across the country, including Oklahoma; Louisiana; Austin, Texas; and New Orleans, already recognize the significant contribution the music industry and its musicians make to the local economy and have taken tentative steps to address the needs of their musicians and owners of smaller performance venues by proposing tax incentives to music-based businesses and venue owners; and

Whereas, In addition to the cultural richness music brings to the City, this industry generates millions of dollars for the City's economy from jobs, tax dollars, and tourism; but without financial incentives, the City's musicians and small performance venues will no longer be able to operate or remain in the City which would jeopardize the City's longstanding status as the global center for musical creativity; now, therefore, be it

Resolved, That the Council of the city of New York calls upon the New York State Legislature to introduce and adopt, and the Governor to sign, legislation which would authorize the city of New York to

establish a Small Performance Venue Business Tax Credit.

AB
February 20, 2008
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