



Anaheim Entertainment Tax Policy

- **What:** a resolution of the city of Anaheim and agreement with Walt Disney Parks and Resorts U.S., a unit of Burbank-based Walt Disney Co.
- **Entertainment tax policy provisions:** In exchange for a minimum \$1 billion Anaheim investment by Disney, the city of Anaheim will provide an incentive payment equal to any entertainment tax paid by Disney — *if an entertainment tax ever is adopted in the city*
- **Why:** to encourage investment and expansion of Anaheim's tourism industry, which plays a critical role funding services for residents, businesses and visitors (*see Economic Impact and Anaheim Resort below*)
- **Adopted:** July 8, 2015, by the Anaheim City Council
- **City Council vote:** 3-2 with Mayor Pro Tem Lucille Kring and council members Kris Murray and Jordan Brandman in support; Mayor Tom Tait and Council Member James Vanderbilt against
- **Policy duration:**
 - 30 years from July 1, 2016, with a minimum \$1 billion Disney investment
 - 45 years from July 1, 2016, with a minimum \$1.5 billion Disney investment
- **General fund impact:** The entertainment tax policy requires *no* city spending and has *no* impact on Anaheim's general fund, which finances services for residents, businesses and visitors
- **Incentive payment:** The city would make an incentive payment to Disney *only* if an entertainment tax were adopted; any incentive payment would come from tax collected from Disney and not Anaheim's general fund
- **Bond financing:** The entertainment tax policy requires *no* city bond financing

- **What's an entertainment tax?:** Sometimes called a gate tax or ticket tax, an entertainment tax is a government levy on tickets to theme parks, movie theaters, sporting events and other forms of entertainment; an entertainment tax also can be applied to parking and other admission-based revenue sources
- **Entertainment tax in Anaheim:**
 - The city of Anaheim has never had an entertainment tax
 - No entertainment tax proposals are under consideration
 - Adoption of an entertainment tax requires voter approval
- **Disney's Anaheim investment:**
 - As a result of the city's entertainment tax policy, on Aug. 15, 2015, Walt Disney Co. announced plans for the largest expansion of Disneyland Park to date with a 14-acre Star Wars Land based on the "Star Wars" movie franchise
 - The company also announced plans for a Harbor Boulevard gateway and 5,000-space parking structure that would improve traffic and congestion on Ball Road, Harbor Boulevard, Katella Avenue and Disneyland Drive
- **Expansion start date:** Disney plans to break ground on Star Wars Land in 2016
- **Entertainment tax policy expansion provisions:**
 - Disney is required to begin expansion on an initial \$1 billion investment by Dec. 31, 2017, and finish by Dec. 31, 2024
 - Disney is required to begin expansion on an additional \$500 million investment by Dec. 31, 2040, and finish by Dec. 31, 2045
- **Investment covered by entertainment tax policy:** new Disneyland Resort attractions and infrastructure that increase attendance and hotel stays
- **Local labor:** The agreement calls for Disney to make reasonable efforts to use local labor and contractors
- **Public hearing:** The city of Anaheim will monitor key milestones and report on the status of the entertainment tax policy agreement in a public hearing within the first five years of the policy's adoption

- **Verification:**
 - Under a \$1 billion investment, Disney must submit to Anaheim an accountant's opinion attesting to the value of improvements by June 30, 2025
 - An additional \$500 million investment requires an accountant's opinion attesting to the value of improvements by June 30, 2046
- **If Disney elects not to proceed:** The entertainment tax policy agreement ends
- **If agreement terms go unmet:** Disney is required to repay with interest any incentive payment received, if an entertainment tax is adopted; an agreement default of a year or more allows the city to unilaterally end the pact

Economic Impact

- **What:** analysis of a Disney investment of up to \$1.5 billion for the city of Anaheim by Los Angeles-based Beacon Economics LLC
- **Local economic impact:**
 - \$564 million with a \$1 billion Disney investment
 - \$846 million per year with a \$1.5 billion Disney investment
 - 3,000 to 4,500 additional jobs
- **Annual tax revenue, \$1 billion investment:** projected to generate \$17.9 million per year in additional hotel stay, sales tax and indirect property tax revenue for the city of Anaheim
 - Transient occupancy tax: \$14.9 million
 - Sales tax: \$2.4 million
 - Indirect property tax: \$612,000
- **Annual tax revenue, \$1.5 billion investment:** projected to generate \$26.8 million per year in additional hotel stay, sales tax and indirect property tax revenue for the city of Anaheim
 - Transient occupancy tax: \$22.3 million
 - Sales tax: \$3.6 million
 - Indirect property tax: \$922,000

Anaheim Resort

- **What:** 1,100-acre district including the Disneyland Resort and Anaheim Convention Center
- **Annual visitors:** 25 million
- **Size:** 4% of Anaheim's 32,000 acres
- **Number of hotels:** 78, 52% of the city's 149 hotels
- **Number of hotel rooms:** 14,000, 70% of the city's 20,000 rooms
- **Annual revenue generated by resort:** \$147.6 million*
 - Transient occupancy tax: \$122.8 million, 92% of city total of \$133 million
 - Sales and use tax: \$13.8 million, 18% of the city total of \$77.2 million
 - Property tax: \$10.2 million, 15% of the city total of \$96 million
 - Business license tax: \$800,000, 14% of city total of \$7.5 million
- **Annual Anaheim Resort spending:** \$80.9 million*
 - Debt service: \$64.8 million
 - Public safety: \$12.9 million
 - Government support: \$2 million
 - Economic development, promotion: \$900,000
 - Infrastructure and upkeep: \$300,000
- **Surplus resort revenue:** \$66.7 million, 23% of Anaheim general fund revenue*

Hotel Stay Impact Annual transient occupancy tax revenue	
Fiscal Year	Amount (in millions)
1991-92	\$29.7
1992-93	\$32.4
1993-94	\$33.0
1994-95	\$33.9
1995-96	\$44.7
1996-97	\$44.9
1997-98	\$44.8
1998-99	\$45.1
1999-00	\$46.2
2000-01	\$57.9
2001-02	\$58.0
2002-03	\$56.2
2003-04	\$63.1
2004-05	\$67.3
2005-06	\$75.5
2006-07	\$84.4
2007-08	\$87.2
2008-09	\$80.1
2009-10	\$77.1
2010-11	\$82.6
2011-12	\$90.4
2012-13	\$102.9
2013-14	\$110.1
2014-15*	\$120.4
2015-16**	\$133.0

*projected **budgeted

- **Anaheim Resort's surplus revenue funds:**
 - 155 Anaheim police officers
 - Six Anaheim Fire & Rescue companies
 - Seven libraries, a bookmobile and library kiosk
 - Staffing, upkeep and maintenance for 54 Anaheim parks
 - \$2.1 million in annual youth programs

**Budgeted for fiscal year 2015-16*

1996 Anaheim Resort Agreement

- **What:** Infrastructure and Parking Finance Agreement by Anaheim and Disney
- **Adopted:** Oct. 8, 1996
- **Entertainment tax policy provision:** In exchange for the Disneyland Resort expansion, the city of Anaheim agreed to provide an incentive payment equal to any entertainment tax paid by Disney, should one be adopted
- **Expiration of 1996 entertainment tax policy provision:** June 30, 2016
- **Disney commitment:** building of Disney California Adventure Park, Downtown Disney District and Disney's Grand Californian Hotel & Spa; Disney guarantee of payments on city bonds for Anaheim Resort
- **Anaheim commitment:** \$500 million in bond financing for an expanded Anaheim Convention Center, Disneyland Resort parking structure, infrastructure, signs and landscaping in the Anaheim Resort

Disneyland Resort

- **What:** 500-acre collection of Disney properties within the Anaheim Resort
 - **Disneyland Park:** 85 acres
 - **Disney California Adventure Park:** 67 acres

- **Downtown Disney District:** 20 acres
- **Disney's Grand Californian Hotel & Spa:** 948 rooms, 50 vacation club villas
- **Disneyland Hotel:** 975 rooms
- **Disney's Paradise Pier Hotel:** 481 rooms
- **Disney Resort employees:** 28,000, including 5,000 Anaheim residents
- **Major Disney investments in Anaheim:**
 - 2001: opening of Disney California Adventure, Disney's Grand Californian, Downtown Disney; \$1.4 billion investment under 1996 entertainment tax policy
 - 2012: opening of Cars Land at Disney California Adventure; \$1.1 billion investment under 1996 entertainment tax policy