



## Time to tax the big music fest

### 'If Lolla doesn't pay, somebody else does'

*February 6, 2012*

**Lollapalooza** has been rocking **Grant Park** since 2005. That's seven years of music cred, seven years of tourism dollars — and seven years that the mother of all music festivals hasn't paid city, county or state taxes.

This is the year that should change.

Ever since Lollapalooza decided to call Chicago home, it has partnered with Parkways Foundation, a nonprofit dedicated to improving local parks. Lolla applies for all its permits through Parkways, which qualifies for a waiver of city and county amusement taxes and state sales taxes. In exchange, Parkways gets a small part of Lollapalooza's profits ... as well as free tickets and VIP passes for board members.

But the guidelines for nonprofit exemption clearly state that to qualify, 100 percent of an event's proceeds must go toward the nonprofit. It's no secret that Lolla makes plenty of money for itself. Last year, the festival took in more than \$20 million.

That would likely translate to about \$1 million in lost city taxes and at least \$300,000 in lost county taxes, not to mention that Lolla doesn't pay the Park District directly to take over Grant Park for a week during tourist season. The likely state sales tax hasn't yet been calculated.

Granted, Parkways does a lot to keep local parks clean and green, and Lollapalooza gives the foundation a generous cut. But the city, county and state are all desperate for revenue. They can't afford to give free rides, and Lollapalooza is no exception.

"It's clearly a success," said Cook County Commissioner **Bridget Gainer**. "It's clearly something that doesn't need government assistance. If Lolla doesn't pay, then somebody else does."

Gainer spearheaded a successful effort to change the way the county looks at the exemptions. On Wednesday, the **Cook County Board** voted to add an extra layer of scrutiny to nonprofit exemption requests. If the county stands to lose more than \$150,000 in amusement tax revenue, a request must go up before the board instead of the county revenue department.

State Rep. **Sara Feigenholtz** plans to bring this issue to the Legislature. "I'm not here to demonize anybody. I'm really not," she told us Thursday. "My job is to figure out if it doesn't smell right."

So the county and the state are making efforts to collect taxes from the festival. How about **City Hall**?

It's a little tricky — Mayor **Rahm Emanuel**'s brother Ari is CEO of a talent agency that co-owns Lollapalooza. The festival's deal was cut years before Emanuel became mayor. Last summer, he said he'd appoint an independent commission to study the Lolla loophole. The mayor's still promising some kind of independent assessment, but nothing has happened yet. Let's hear a little impatience from the City Council. The festival should pay city taxes.

No one's suggesting the largest music festival in the country should be held to a higher standard than other businesses. Just a fair standard.