

**BUDGET REQUEST FOR  
A MUSIC VENUE PRESERVATION FUND  
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**Situation**

- Independent Music Venues in Austin were the first businesses to close and will likely be the last to open
- Many of Austin’s music venues have remained closed since mid-March. The few that reopened in June after state regulations were relaxed were primarily venues with large outdoors courtyards.
- More than half of Austin’s music venues are at risk of shuttering for good by Halloween based on a July 1 study by the Hobby School of Public Affairs
- The survey shows that Live Music Venues have the largest proportion of businesses that rent their business property
- According to the survey 62% of live music venues reported being able to last only four months or less “under current conditions”
- A mere 19% of venues were in a position to pay their rent in full for June, 79% said they had put off paying bills to their landlords, suppliers or vendors and a staggering 83% of venues reported already laying off full-time employees
- Of all the local industries surveyed by the Hobby School, Austin’s music venues were the most imperiled because of the pandemic

**Impact**

- Independent music venues have zero revenue, but continue to face financial obligations like mortgage/rent, bills, loans, taxes, insurance and more
- Current Paycheck Protection Payments (PPP) funding is exhausted and even if renewed will not solve the crisis. The SBA’s May 2020 report shows that even with the current approval the music industry hasn’t received enough support. Arts and entertainment have only received 1.50% or \$7.6 billion of the \$510 million PPP approved lending while construction has received \$63.4 billion or 12.47%. As a point of reference the May unemployment rate for construction was 12.7%. For arts and entertainment, the unemployment rate was a whopping 43.9%
- Employees and musicians depend on independent venues for their livelihoods
- While independent venues are small businesses, their cumulative direct annual economic impact being brought forward is significant for “The Live Music Capital of the World”

## **Request**

- Independent venues are in need of both federal and local assistance
- Support from the City of Austin to sustain local independent music venues is requested through the formation and funding of the “Music Venue Preservation Fund”
- The Music Venue Preservation Fund requests that \$20.0 million be designated from Federal COVID-19 funds for venue preservation
- Funds will primarily be focused on providing venues with support for fixed costs and COVID-19 safe visual forms of entertainment such as video streaming, social media and live streaming
- The pandemic has forced the music industry to get creative, making it essential for venues working with artists to integrate new forms of media into their routine as a way of keeping and growing an engaged audience. The proposed budget request will propel Austin to become “the Live Music Streaming Capital of the Work.”

## **Budget Request for the Music Preservation Program Fund**

Currently, the U.S. Congress is negotiating a bill that expands upon the CARES Act and provides cities and states financial relief and provides additional grants and loans to nonprofits and small businesses. It is contemplated that a bill will be approved in late July/early August. During the most recent COVID-19 federal funding, the City of Austin did not specifically designate funding for music venues even though there are at least three recently Council approved resolutions that request the City Manager to explore funding solutions for music venues.

Music venues are defined according to a previously approved definition that was included in the proposed Land Development Code. The music venue definition is:  
"an establishment where live music programming is the principal function of the business and/or the business is a live music destination, where the venue clearly establishes the ability of an artist to receive payment for work by percentage of sales, guarantee or other mutually beneficial formal agreement for every performance.

There must be five (5) of the following in place: (1) defined performance and audience space; (2) mixing desk, PA system, and lighting rig; (3) back line; (4) at least two of the following: (i) sound engineer, (ii) booker, (iii) promoter, (iv) stage manager, or (v) security personnel; (5) charges cover charge through ticketing or front door entrance fee; (6) markets specific acts through show listings in printed and electronic publications; (7) hours of operation coincide with performance times; or (8) programs live music at least five nights a week.”

A budget amendment or rider will be presented to the Austin City Council to implement the Music Venue Preservation Fund in August 2020. This budget rider sets forth specific instructions regarding the expenditure of funds and direction to implement the program components of the Music Venue Preservation Fund. The attached spreadsheet provides detailed budget information about the Music Venue Preservation Disaster Relief Fund.

		<b>One-Time</b>
<b>REQUEST</b>	<b>USES OF FUNDS</b>	<b>(\$Million)</b>
Commercial Grants for Music Venues	Designate that \$ be designated for small venues (<300 capacity) who will live stream music. These funds are for fixed costs.	\$3,000,000
	Designate that \$ be designated for medium venues (>300 and <500 capacity) who will live stream music. These funds are for fixed costs.	\$8,000,000
	Designate that \$ be designated for large venues (>500 capacity) who will live stream music. These funds for fixed costs.	\$8,000,000
Streaming support for Venues and Musicians	Grants for Venues to include streaming costs and funding for musicians	\$1,000,000
	<b>TOTAL</b>	<b>\$20,000000</b>

## Budget Request Explanation

The budget request for the Music Preservation Fund is composed of two program components:

1. A dedicated amount from COVID-19 for Economic Assistance and Recovery. These funds are grants for small businesses. Funds would be disbursed for the following:
  - a. Small venues (up to 300 capacity). \$3,000,000 in grants for live music venues for fixed costs. Approximately 75 venues are expected to apply for assistance.
  - b. Medium venues (up to 500 capacity). \$8,000,000 in grants for live music venues for fixed costs. Approximately 100 venues are expected to apply for assistance.
  - c. Large venues (500 capacity and above). \$8,000,000 in grants for live music venues for fixed costs. Approximately 25 venues are expected to apply for assistance.
2. A dedicated amount for live music venues for streaming support costs totaling \$1,000,000. These grants are for music venues who agree to deliver streaming as a community benefit for musicians and nonprofits as beneficiaries. The grants will support venue streaming costs by hiring local music talent and offer programming that supports broad music talent and diverse music genres that features musicians of color. Music centric non-profits who rely on streaming events will participate in this program as beneficiaries of streaming events along with venues and musicians.

**The Music Venue Preservation and Disaster Relief Fund is relying on a proposed expansion of COVID-19 funds and is General Fund neutral and can be funded within existing approved funding sources.**