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ALDERMAN, 8TH DISTRICT

Legislation seeks to make BID/NID options more effective and efficient

Statement of Alderman Bob Donovan September 18, 2019

For many years the City of Milwaukee and other Wisconsin municipalities have utilized Business Improvement Districts (BIDs) and Neighborhood Improvement Districts (NIDs) to help improve, promote/market and revitalize neighborhoods and business/commercial areas. BIDs and NIDs – authorized under state law – are effective tools for economic development and neighborhood enhancement, but needed improvements at the local level have been sought for many years.

At my urging and with the help of the city's Intergovernmental Relations Division, we have partnered with state legislators to seek the passage of reform legislation to help make those needed improvements happen.

The aim of proposed LRB 2450, or the **BID/NID Reform Bill**, is threefold:

- **Requiring a certified financial statement for Neighborhood Improvement Districts with operating funds under \$300,000 annually.**

Last year, 2017 Wis. Act 189 was passed creating an opportunity for BIDs with fewer than \$300,000 in yearly revenues to submit an annual CPA certified financial statement to the sponsoring local government in lieu of a certified financial audit as part of its required reporting. All 7 NIDs located in Milwaukee have budgets that do not exceed \$300,000. The need to require a certified audit is a timely and costly burden (running upward to thousands of dollars more) on those organizations as it was for smaller BIDs. NIDs do important work but typically have modest budgets. As with the aim of those who authored Act 189, certified financial statements will provide appropriate safeguards for NID reporting.

- **Changing the current statutory requirement for certified mailings to go out to property owners when establishing, amending boundaries to, or terminating a BID or NID; and, allowing a single mailing notice to go out to property owners that have multiple properties in a BID or NID boundary.**

The current statutory requirement for using certified mailings is cost-prohibitive for seeking the establishment of BIDs or NIDs. Further, it has been found that use of certified mailings doesn't guarantee property owners receive notices.

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For example, in order to comply with state law for the creation of a NID, one group of neighborhood leaders in the city of Milwaukee found they would have needed to front approximately \$13,000 to pay for certified mailings to go to property owners of each residential property in the proposed district. If and only if the NID was ultimately approved could the then NID board establish a first year budget seeking a reimbursement on mailing costs. This same issue applies to BID creation. The risk of uncertainty and difficulty in having someone come up with significant funds is cost-prohibitive to the process. A first class mailing would be approximately 1/9 the cost of a certified mailing (\$.55 for first class stamp vs. \$4.80 for the lowest-cost cash price for a certified mail letter with delivery confirmation).

Additionally, through the City's experience with BID mailings, approximately 15% to 20% of commercial property owners are both not available (for signed receipt) and invariably do accept service or pick up a certified mailing at the post office—defeating the purpose of a certified mailing. A first class mailing would significantly cut costs and guarantees that a mailing is delivered in the established mail or post office box to property owners.

Finally, if there are property owners that own multiple properties in a BID or NID boundary, the bill allows for a single mailed letter citing all applicable parcels in the proposal. This will cut down on notice redundancy and unnecessary mailing costs.

- **Establishing a mechanism for multijurisdictional Business Improvement Districts (MJB).**

In many locations statewide, there are single commercial corridors that straddle the boundary on roads dividing neighboring communities. There are examples of these corridors containing separate municipally approved adjacent BIDs or have interested businesses in two or more communities in the same commercial vicinity that could benefit from the creation of a single, uniform BID district.

This bill seeks to allow a legally sanctioned, multijurisdictional BID, directed by a single, inter-community business improvement board delegated to shape and oversee improvements for the greater betterment of a specific commercial district area. The idea of MJBs builds off of and is similar to enacted legislation under 2011 Wisconsin Act 77, which allowed for the creation of multijurisdictional Tax Incremental Districts. While the creation of MJBs would allow the benefit of governance and the establishing of priorities and controlling funds by a singular BID board for a uniform District corridor or boundary, the approval, annual reporting and termination process statutorily will still be held by each impacted municipality.

Impacted communities in a multijurisdictional BID would need to approve a BID through a process that parallels current statutory BID requirements; MJBs would also need to comply with required annual financial reporting.

The author of the BID/NID reform bill is Sen. Dale Kooyenga, and it is co-sponsored in the Senate by Sen. Latonya Johnson. In the Assembly, Rep. Jason Fields and Rep. Rob Brooks are taking the lead, and co-sponsors are Rep. Evan Goyke and Rep. Kalan Haywood II.

-More-



Page 3

I want to personally thank Senator Kooyenga on taking a leading role with the **BID/NID Reform Bill**, and I also express my sincere gratitude with its co-sponsors.

I have no doubt that passage of this important legislation will help strengthen Milwaukee neighborhoods and business districts, as well as those around the state.

I strongly urge the Legislature's support of this pro-business and pro-neighborhood common sense measure.

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