

# ERIC GENRICH

STATE REPRESENTATIVE — 90TH DISTRICT



October 5, 2017

Testimony on Assembly Bill 420

Chairman Macco and Members of the Assembly Ways and Means Committee:

Thank you for holding a hearing today on Assembly Bill 420 (AB 420), which modifies financial reporting requirements to allow Business Improvement Districts with a cash balance of less than \$300,000 during the prior fiscal year, adjusted for inflation, to include a reviewed financial statement in their public annual report in lieu of an independent certified audit.

In taking these steps, AB 420 significantly lessens the regulatory burden for many smaller BIDs in the state. In fact, according to the UW-Extension's Local Government Center, thirty-nine of fifty BIDs recently surveyed fall beneath this \$300,000 threshold. By replacing the annual audit with a reviewed financial statement, these BIDs will be able to direct more of their scarce resources towards business growth and development in communities across Wisconsin.

In my view, this legislation is an extension of the work the Legislature has previously done to modernize and simplify the financial reporting requirements of charitable organizations. Following that effort, I was approached by the executive director of On Broadway Inc. in Green Bay with this request to apply similar treatment to smaller Business Improvement Districts (BIDs) across the state. We subsequently reviewed the legislation with officials with Downtown Development Program at the Wisconsin Economic Development Corporation. Those gentlemen join us today.

Thanks again to Chairman Macco and committee members for your consideration of AB 420. We would be happy to answer any questions you may have. Additionally, subsequent speakers will be available to discuss technical questions about BID administration and finances.



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# **DEVIN LEMAHIEU**

## **STATE SENATOR**

### **Testimony on AB 420**

#### **RE: public annual reports of business improvement districts**

#### **October 5, 2017**

Thank you Chairman Macco and Members of the Assembly Committee on Ways and Means for hearing testimony on Assembly Bill 420.

2015 Act 163 streamlined and modernized the financial reporting requirements of charitable organizations. AB 420 will apply similar rules to small Business Improvement Districts (BIDs) across the state by lessening the regulatory burden placed on them.

Current law requires BIDs to include an independent certified audit in its mandatory public annual report regardless of cash balance. According to a recent survey of fifty of the eighty-four BIDs currently operating in the state, thirty-nine reported cash balances under \$300,000. AB 420 will allow BIDs with a cash balance during the prior year of less than \$300,000 to include a reviewed financial statement in lieu of an audit.

Although a reviewed financial statement will be less stringent than a certified audit, the statement must still meet Generally Accepted Accounting Principles (GAAP). In addition, the statement will be publicly available as part of the BID's annual report. This helps ensure taxpayers are still protected.

By replacing the annual audit with a reviewed financial statement, these small BIDs will be able to direct more money towards promoting business growth and development in downtowns across Wisconsin.

Thank you for considering Assembly Bill 420. I will be happy to answer any questions.



Testimony for Informational Purposes only  
Darrin Wasniewski  
Downtown Development Program Manager  
Wisconsin Economic Development Corporation  
October 5, 2017

Dear members of the committee:

Thank you for the opportunity to appear today to testify for informational purposes on Assembly Bill 420 and Senate Bill 336.

My name is Darrin Wasniewski and I am the Downtown Development Program Manager at the Wisconsin Economic Development Corporation. A core part of my responsibilities is engaging with communities across the state as they work to improve and enhance their downtown business districts. Some of the programs and assistances available through WEDC for these communities include:

- **Connect Communities:** Connect Communities helps local leaders leverage the unique assets of their downtowns and commercial districts, providing access to resources and networking opportunities to local leaders interested in starting a district revitalization effort.
- **Wisconsin Main Street:** The Wisconsin Main Street program was created in 1987, and is affiliated with the National Main Street Center. The Main Street America program is designed to provide technical support and training for organizations dedicated to downtown or commercial corridor revitalization activities. The program is flexible in its ability to accommodate a wide range of community sizes and situations. Our newest Wisconsin Main Street program is Historic King Drive, Business Improvement District No. 8 in Milwaukee.

It is estimated that approximately 70% of the downtown development groups we serve derive some funding through a Business Improvement District. As mentioned earlier, current legislation requires BIDs to conduct an official audit on an annual basis. For some budgets, the average of which is \$135,000, this expense could represent a very significant expenditure in relation to their total budget, requiring them to divert funding from development or improvement programs to cover the costs

The change proposed in this legislation could have a positive impact for many of the program we work with on a regular basis. By using the extra funding saved, BIDs across the state could be able to serve more businesses as they are able identify development opportunities for their communities and deploy additional resources in support of those projects.

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