



**DALE KOOYENGA**  
STATE SENATOR · 5<sup>TH</sup> DISTRICT

State Capitol · P.O. Box 7882 · Madison, WI 53707-7882 · (608) 266-2512

---

January 22, 2020

TO: Members of the Senate Committee on Economic Development, Commerce and Trade  
FR: Senator Dale Kooyenga  
RE: Support for Senate Bill 483

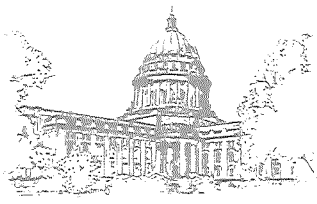
Thank you for holding a public hearing on Senate Bill 483, relating to authorizing the creation of multijurisdictional business improvement districts, changes to public annual reports for neighborhood improvement districts, and changes to certain notifications for both types of districts.

This bill provides reforms to several obsolete and costly requirements imposed on BIDs and NIDs under current law. First, the bill would allow for the creation of multijurisdictional BIDs, which is the consolidation of multiple BIDs into a single, uniform district. For example, Milwaukee has several single commercial corridors that straddle the boundary on roads that divide neighboring communities. Though these commercial corridors function in the same commercial vicinity and are adjacent to one another, they're separately approved and governed. SB 483 would allow for consolidation and uniform management.

The bill also provides technical fixes to requirements associated with BIDs and NIDs, such as allowing NIDs to submit financial statements in lieu of a certified financial audit if the NID has funds under \$300,000, just as BIDs are allowed. Additionally, the bill changes the current statutory requirement that a BID and NID must send first class mail certification to property owners inside the district when establishing, amending, or terminating a BID or NID.

If Wisconsin is serious about improving municipalities through neighborhood and business coalitions, then we must reform our statutes so that municipalities are given the basic tools needed to improve their districts.

Thank you again for hearing SB 483 and I respectfully ask for your support.



# STATE SENATOR LaTonya Johnson

WISCONSIN STATE SENATE

6<sup>TH</sup> DISTRICT

**Senate Committee on Economic Development, Commerce and Trade  
Testimony on Senate Bill 483  
January 22, 2020**

Good morning members of the committee,

Thank you for holding this hearing on Senate Bill 483 (SB 483), which will make important reforms to state law regarding the operation of Business Improvement Districts (BIDs) and Neighborhood Improvement Districts (NIDs).

Under current law, municipalities may create a business improvement district (BID) that allows commercial property owners to pay special assessments on property bills to fund programs that promote, maintain, or develop resources for the benefit of the designated district. A municipality may also create a neighborhood improvement district (NID) that funds similar programs for residences within the district. SB 483 proposes to make the following changes to statutory requirements imposed on both BIDs and NIDs:

First, the bill aligns financial reporting requirements between BIDs and NIDs by requiring a certified financial statement for NIDs with operating funds under \$300,000 annually. Last session, 2017 Act 189 allowed BIDs with under \$300,000 in revenues to submit CPA certified financial statements instead of a more costly certified financial audit. This bill would give the same opportunity to avoid unnecessary costs, potentially in the thousands of dollars, for NIDs. In Milwaukee, all seven of the city's NIDs have budgets under \$300,000, so removing this costly burden will allow more resources to be dedicated towards neighborhood improvement programs instead of regulatory compliance.

Second, SB 483 removes the costly requirement that notices be sent by certified mail, and instead allows for first class mailings. Certified mailings cost nearly \$5 per letter whereas a first class stamp is 55 cents. The current certified mailing requirement drives up the cost of creating BIDs and NIDs significantly. First class mail is a sufficiently reliable way of delivering notices to property owners and will encourage the formation of these mutually beneficial improvement districts. The bill also removes the requirement that individual mailings be made to the owners of multiple properties within the district's boundaries.

Lastly, SB 483 makes the common sense reform of allowing for NIDs and BIDs to be created across multiple jurisdictions. In many places around Wisconsin, but especially in metropolitan areas like Milwaukee, we have many commercial and residential corridors that span across jurisdictional lines. Like prior legislation allowing multi-jurisdictional TIDs, allowing NIDs and BIDs to be created across municipalities is a common sense reform that will improve the efficiency and efficacy of these business and neighborhood organizations.

I would like to thank my co-authors, Senator Kooyenga, Representative Fields, and Representative Neylon for their work on this bill and thank you, committee members, for your consideration of this proposal.



Department of Administration  
Intergovernmental Relations Division

**Tom Barrett**  
Mayor

**Sharon Robinson**  
Director of Administration

**Kimberly Montgomery**  
Director of Intergovernmental Relations

Good afternoon Chairman Feyen and members of the Committee on Economic Development, Commerce and Trade. My name is Jim Bohl and I work for the Intergovernmental Relations Division of the City of Milwaukee. I appreciate being able to testify here today in support of SB 483. I am joined by Natanael Martinez who manages in Commercial Corridor Team of the Dept. of City Development in Milwaukee.

The City stands strongly in support of this bill. We are grateful of Sen. Kooyenga for his authorship, and are pleased at the large array of bi-partisan co-authors and co-sponsors the bill has generated.

We believe the measures contained in this bill will bring several common sense and fiscally sound changes for operating and regulating Business and Neighborhood Improvement Districts across Wisconsin.

The aim of proposed **SB 483** is threefold:

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

Last term, 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. 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 received notices.

For BIDs and NIDs seeking creation, current law requires costly self-funding for certified mailings to go to property owners for properties in the proposed district. If and only if the District is

ultimately approved can the District board establish a first year budget seeking a reimbursement on mailing cost.

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).

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.

*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 and other instances of communities with business associations 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 multijurisdictional BIDs builds off of and is similar to enacted legislation under 2011 Wisconsin Act 77, which allowed for the creation of multijurisdictional Tax Incremental Districts.

*In short, this bill results in optimizing BID operations, and ensuring notices for important public hearings arrive in mail boxes where they are seen. It also ensures more of the hard raised revenue of BID's and NID's actually goes to supporting the work of those organizations.*

We thank you for allowing our testimony here today and urge the committee's approval. Natanael will provide some additional brief remarks now, and then he and I will be happy to address any questions the committee may have.