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# RACHAEL A. CABRAL-GUEVARA

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STATE SENATOR • 19<sup>TH</sup> SENATE DISTRICT

*Testimony before the Senate Committee on Government Operations*

*Senator Rachael Cabral-Guevara*

*February 1, 2024*

Hello, members of the Senate Committee on Government Operations. Thank you for allowing me to provide testimony on Senate Bill 572, which will allow two or more municipalities to form multijurisdictional business improvement districts (BIDs) and neighborhood improvement districts (NIDs).

Under current law, municipalities must maintain separate BIDs and NIDs, even when they contain adjacent property. This creates an unnecessary obstacle in providing improvements to these areas for local businesses, especially when one incorporated community is completely landlocked by other incorporated communities.

This bill permits two or more municipalities to create a single multijurisdictional BID or NID, as long as the district contains adjoining properties. Each municipality that is a part of the multijurisdictional BID or NID would be responsible for collecting funds, imposing any special assessments, and providing required notices relating to properties within their own jurisdictions.

Additionally, current law requires a BID that had a cash balance of less than \$300,000 during the prior year to include a reviewed financial statement in its public annual report. If the cash balance equals or exceeds \$300,000, the BID must include an independent certified audit in the annual report. NIDs are required to include an independent certified audit in their public annual report, regardless of cash balance.

This bill changes the public annual report conditions so that the same financial statement and audit requirements that apply to BIDs also apply to NIDs.

Lastly, for BIDs and NIDs, this bill changes mailed notice requirements so that they must be sent by first class mail rather than certified mail. This will save folks money when attempting to start a BID or NID.

I am hopeful you will support this important piece of legislation that will allow BIDs and NIDs to more efficiently serve our communities.



# BOB DONOVAN

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## Testimony in Support of Senate Bill 572

Thank you Mr. Chairman and members of the Committee on Government Operations for hearing public testimony on Senate Bill 572 which makes changes to business improvement districts (BID) and neighborhood improvement districts (NID).

In Wisconsin, BIDs and NIDs can be formed to allow people to improve their immediate neighborhood or business community. These districts are able to make local improvements and decisions such as addressing public safety issues and others. This legislation seeks to make three changes to provide an easier avenue to create BIDs and NIDs while bringing parity between them.

2017 Wisconsin Act 189 allowed BIDs with fewer than \$300,000 in yearly revenue to submit annual certified financial statements to the local municipality instead of costly financial audits. Transparency for BIDs is extremely important, but the audit requirement is burdensome for small BIDs. As a result, legislators and former Governor Walker recognized this and approved this change. Unfortunately, NIDs were not included in the original proposal despite the parallels between BIDs and NIDs. This legislation would allow NIDs to also submit annual certified financial statements rather than an audit.

BIDs in Milwaukee and Greenfield on South 27<sup>th</sup> have commercial areas that are in both municipalities, but must operate separately due to state statute—BIDs cannot operate across municipal boundaries. This legislation would allow for the creation of multijurisdictional BIDs governed by a single board. Despite this change, each municipality associated with the BID would still be required to adhere to normal BID procedures including the approval, annual financial statements and termination process. This change would ensure that local businesses separated by nothing more than a street can still form a BID without sacrificing any transparency measures.

Citizens must be appropriately informed of the possibility of being included in these districts in order to start a BID or NID. This requires a certified mailing to citizens which is extremely costly and may discourage the creation of BIDs or NIDs. Additionally, a significant portion of these certified mailing recipients will never pick up their mailing at the post office if a signed receipt could not be obtained. This results in a lack of community involvement in the BID or NID creation process while proving certified mail is not cost effective. This certified mailing is required by state statute and this legislation would change it to a first class mailing.

Ultimately, this bill makes slight but impactful changes to our BID and NID guidelines that can reduce the barrier for entry, reduce cost and provide parity between the district types. Committee members, please join me in supporting this piece of legislation – Senate Bill 572.

Best wishes,

A handwritten signature in cursive script that reads "Robert B. Donovan".

Bob Donovan  
State Representative – 84<sup>th</sup> Assembly District



STATE REPRESENTATIVE

**Dora**  
**DRAKE**

### Testimony in Support of Senate Bill 572

To: Members of the Senate Committee on Government Operations  
From: State Rep. Dora Drake  
Date: February 1, 2024

Chairman Stroebel and members of the Senate Committee on Government Operations:

Thank you for hearing Senate Bill 572 in committee today and I wish to extend my thanks to State Rep. Donovan, Senator Cabral-Guevara, the City of Milwaukee, and the co-sponsors included for making this a bi-partisan legislative proposal. Senate Bill 572 contains several provisions that will greatly benefit and safeguard issues surrounding BID/NIDs in the State of Wisconsin.

One of these provisions are ensuring that NIDS produce an annual certified financial statement if their operating costs are under \$300,000. This is crucial because usually BID and NID policies mirror each other, yet currently there is no requirement for a CPA certified statement for NIDS, but they are for BIDS. As all 7 NIDS in Milwaukee don't exceed a budget of \$300,000, and the number of NIDS in Wisconsin in general are going to rise, this issue is more prevalent than ever. The Mayor of Green Bay, Eric Genrich has laid out a plan to promote the establishment of NIDs in the City of Green Bay as part of his 5-part infrastructure and neighborhood improvement strategy, and he also supports the provisions as stated.

Another provision listed, is removing the current statutory requirement for certified mailings to go out to property owners when establishing, amending boundaries to, or terminating a BID or NID. The system in place right now is unnecessarily costly and ineffective, as a community of only 3,000 people would cost anywhere from 12-15 thousand dollars in order to comply with current state law. By abolishing the certified mail requirement, it would be approximately 1/9 of the cost of a certified mailing, as it's only \$.66 for a first class stamp vs. \$5.88 for a certified mail letter with delivery confirmation. Additionally, the DCD has found that approximately 20-30% of commercial property owners are either not available and invariably do not accept service or pick up a certified mailing at the post office—defeating the purpose of a certified mailing in the first place.

The last prominent provision deals with creating a legal mechanism for establishing multijurisdictional BIDS. In Milwaukee, similar to a number of locations statewide, there are many adjacent BIDS that could largely benefit from unification. The idea of multijurisdictional BIDS takes precedent from enacted legislation under 2011 Wisconsin Act 77 which allows for the creation of multijurisdictional Tax Incremental Districts. Under this provision, the multijurisdictional BID would only exist if consent was obtained by both communities, and would be supervised by a single Inter-Community Business Improvement Board. This board would oversee funding, strategize on how to better allocate resources, and govern both areas.

ELEVENTH  
ASSEMBLY  
DISTRICT

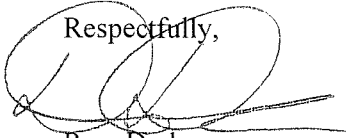
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These are just few of the many provisions that seek to ensure financial success and efficiency for BID/NIDS, which will guarantee a better future for those residing within them. Again, I wish to thank Chairman Stroebel, State Rep. Donovan, Senator Cabral-Guevara, the City of Milwaukee, and members of the Senate Committee on Government Operations hearing this bill today and making this possible, as one of the authors I respectfully ask for your support. Thank you!

Respectfully,

A handwritten signature in black ink, appearing to be 'Rep. Drake', written over a horizontal line. The signature is stylized and somewhat cursive.

Rep. Drake  
State Representative  
11th Assembly District



Department of Administration  
Intergovernmental Relations Division

**Cavalier Johnson**  
Mayor

**Preston Cole**  
Director of Administration

**James Bohl**  
Director of Intergovernmental Relations

## City of Milwaukee Testimony on SB 572, Business Improvement Districts

Good morning Chairman Stroebel and members of the Government Operations Committee. I am Jim Bohl, Director of Intergovernmental Relations for the City of Milwaukee, and I appreciate being able to testify here today on behalf of the City of Milwaukee on SB 572. I am joined by Matthew Rejc who manages in Commercial Corridor Team of the Dept. of City Development.

The City stands strongly in support of this bill. We appreciate its authorship by Sen. Cabral-Guevara, Rep. Donovan, Rep. Drake and its bipartisan list of co-sponsors.

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. Its passage would bring the following benefits:

- NID parity with similarly sized BIDs which were provided the authority to utilize certified financial statements through 2017 Wis. Act 189.

The current NID requirement for certified audits is a timely and costly burden running upward to thousands of dollars more on an annualized basis. As has proven true with BIDs, certified financial statements will provide appropriate safeguards for NID reporting.

- Sound mailing practices.

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

For BIDs and NIDs seeking creation, current law requires up-front self-payment for certified mailings to go to affected property owners 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 is approximately 1/9 the cost of a certified mailing (\$.66 for first class stamp vs. \$5.88 for a certified mail letter with delivery confirmation).

Through the City's experience with a recent BID mailing, 30% of the commercial property owners were both not available (for signed receipt) and invariably did accept service or pick up their certified mailing at the post office—defeating the purpose of a certified mailing. A First-Class mailing, as prescribed in this bill, would significantly cut costs and guarantees that a notice being mailed will be delivered 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.

- A legal mechanism for multijurisdictional Business Improvement Districts.

This bill would 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 allows for the creation of multijurisdictional Tax Incremental Districts (TIDs). A multijurisdictional BID would need approvals and would be responsive to each of its hosting jurisdictions to receive and maintain its charter.

In short, this SB 572 results in optimizing BID operations, and greater transparency in 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 go to work for those organizations.

Thank you for the ability to testify today. We urge the committee's passage. Matthew or I would be happy to address any questions the committee may have.