

To: Senate Committee on Elections and Local Government
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities
Date: September 23, 2015
Re: **SB 203, Exempting the Residential Component of Mixed Use Buildings from Business Improvement District Special Assessments**

The League of Wisconsin Municipalities has not yet formulated a position on SB 203. Our Legislative Committee and Board meet in four weeks and will determine our position at that time. In the meantime, I offer the following comments and concerns that our members have articulated about this bill for information purposes only:

1. **Apartment buildings with four or more apartments are classified as commercial property for property tax purposes.** The bill attempts to exempt the “residential” part of a mixed use building from a BID special assessment. The argument being that an apartment building standing alone without commercial businesses on the ground floor would be exempt from BID assessments. However it is not entirely clear that is the case. The term “residential” is not defined in the BID law or the bill. Clarification is provided by the Wisconsin Property Assessment Manual published by DOR to guide assessors in the assessment of property for property tax purposes. Chapter 9 of the manual provides that apartment buildings of four or more units are classified as commercial not residential. The manual explains that “Apartment houses of less than four units are classified as residential since they are not normally purchased as an investment.”
2. **The Residential Components of Mixed Use Buildings Receive the Benefits of the BID and Should Contribute to the Cost of the BID.** BIDs improve the quality of life, not just for businesses but, perhaps even more, for residents. BIDs promote clean and safe environments that benefit everyone. Improved cleanliness and safety and attractive streetscapes increase property values for all types of properties. BIDs also sponsor events that primarily benefit residents. Special events enhance the quality of life for all – but are more heavily attended by residents than businesses. The benefits of a BID make apartments and condominiums within the district more attractive and more likely to be filled.
3. **BIDs already have the Flexibility to Adjust Assessments.** BIDs often currently employ some type of alternate assessment strategy to take into account the relative amount of services received by different properties based on use, location or size. Currently, governing boards of BIDs can set minimums and maximums and levies according to the size, frontage or other property characteristics. This bill would replace the flexibility in current law with a state imposed uniform rule that ignores unique local considerations. Recall that BID operating plans are able to be developed for the

particular needs of the BID district. The plans are almost always the result of negotiations between the municipality and the owners in the district and can be amended each year. Consequently, the bill is unnecessary.

4. **A mixed use property owner within a BID can initiate a petition to terminate the BID.** A mixed use property owner frustrated by paying the BID assessment on the residential component of his or her property can under current law start a process to terminate the BID. The owner need only convince the owners of 50% of the total assessed valuation within the BID to sign a petition terminating the BID.

Thank you for considering our comments and concerns about SB 203.