

University of Montana

ScholarWorks at University of Montana

Graduate Student Theses, Dissertations, &
Professional Papers

Graduate School

1988

Business improvement districts| A powerful tool for managing and financing downtown activities

Carleton M. Clifford
The University of Montana

Follow this and additional works at: <https://scholarworks.umt.edu/etd>

Let us know how access to this document benefits you.

Recommended Citation

Clifford, Carleton M., "Business improvement districts| A powerful tool for managing and financing downtown activities" (1988). *Graduate Student Theses, Dissertations, & Professional Papers*. 1722.
<https://scholarworks.umt.edu/etd/1722>

This Thesis is brought to you for free and open access by the Graduate School at ScholarWorks at University of Montana. It has been accepted for inclusion in Graduate Student Theses, Dissertations, & Professional Papers by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact scholarworks@mso.umt.edu.

COPYRIGHT ACT OF 1976

THIS IS AN UNPUBLISHED MANUSCRIPT IN WHICH COPYRIGHT
SUBSISTS. ANY FURTHER REPRINTING OF ITS CONTENTS MUST BE
APPROVED BY THE AUTHOR.

MANSFIELD LIBRARY
UNIVERSITY OF MONTANA
DATE: 1988

**BUSINESS IMPROVEMENT DISTRICTS: A POWERFUL TOOL FOR
MANAGING AND FINANCING DOWNTOWN ACTIVITIES**

By

Carleton M. Clifford III.

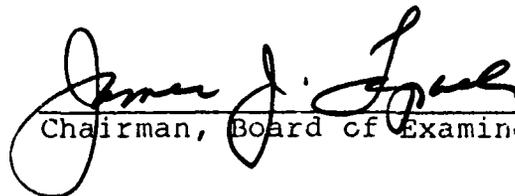
B. A., University of Montana, 1984

Presented in Partial Fulfillment of the Requirements
for the Degree of Master of Public Administration

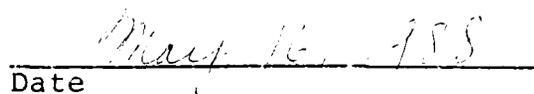
University of Montana

1988

Approved by:


Chairman, Board of Examiners


Dean, Graduate School


Date

UMI Number: EP35360

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



UMI EP35360

Published by ProQuest LLC (2012). Copyright in the Dissertation held by the Author.

Microform Edition © ProQuest LLC.

All rights reserved. This work is protected against unauthorized copying under Title 17, United States Code



ProQuest LLC.
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106 - 1346

TABLE OF CONTENTS

Table of Contents.....	ii
Acknowledgments.....	iii
Chapter	
I. INTRODUCTION.....	1
Foundations of the Business Improvement District Concept.....	1
History and Evolution of the BID Concept.....	3
Definition and Clarification of the BID Concept.....	5
Why Business Improvement Districts are Established.....	7
Advantages of a BID to Downtown Missoula.....	9
Research Methods-Source Materials and Chapter Outlines.....	11
II. PRACTICAL, POLITICAL, AND LEGAL CONSIDERATIONS OF ESTABLISHING BUSINESS IMPROVEMENT DISTRICTS.....	13
Political Considerations.....	14
Practical Considerations.....	17
Legal Considerations.....	21
III. FUNDING BUSINESS IMPROVEMENT DISTRICTS.....	26
Annual Work Plan and Budget.....	26
Assessment of Costs.....	33
Legal Considerations of Assessing District Properties.....	35
Missoula Business Improvement District Boundaries and (Assessment Formula).....	36
IV. CONCLUSION AND FINAL OBSERVATIONS.....	47
APPENDIX.....	49
SELECTED BIBLIOGRAPHY.....	64

ACKNOWLEDGMENTS

I would like to thank my wife Vicki, daughter Brittani, and my mother and father for their patience and support. I would also like to thank Geoff Badenoch, Chris Behan, Debi Cloyd-Paskvan, and Shirley George of the Missoula Redevelopment Agency for their advice and support. The technical advice and expert editing of Dr. James Lopach were also essential to this study.

CHAPTER I

INTRODUCTION

Foundations of the Business Improvement District Concept

Over the past two decades downtown areas in cities across the nation have experienced dramatic losses in their share of the retail market to newly developed malls, office complexes, and industrial enterprises located outside of central business districts. This has been accompanied by a serious reduction in jobs and tax revenues which in turn has jeopardized the provision of public services and improvements. Small and medium sized businesses have found it particularly difficult to prosper under these conditions.

Communities throughout the United States are developing innovative ways to revitalize their downtown areas by combining management and development activities with special assessment revenue. Missoula, Montana, for example, has felt the impact of adverse social and economic trends and has taken positive steps toward renewal and revitalization. The Missoula Redevelopment Agency (M.R.A.) and the Missoula Downtown Association (M.D.A.) are two organizations dedicated

to the revitalization of downtown Missoula.

In the effort to help cities reverse deterioration and promote economic growth in their downtown areas, business improvement districts are increasingly being formed. The impetus to create a BID usually comes from private citizens or business leaders. The district is created, operated, and funded by those most interested and affected. A business improvement district serves the specific needs of downtowners and offers a wide range of activities for the general improvement of downtown areas.

This study will examine the legal, financial, and political aspects of creating and maintaining business improvement districts, particularly in Missoula. It will trace the history and evolution of business improvement districts and will concentrate on the practical implications of BIDs to contemporary downtown areas. It is intended to provide practical guidance to those interested in creating a business improvement district, describing the steps to take and those to avoid. The study contains reference to Montana law, but it in no way replaces local legal counsel. The city attorney should be consulted to ensure that the proper steps are being followed.

This study is important for two reasons. The first reason is the need for downtowners to explore supplemental sources of funding for downtown services and improvements. The reduction or in some cases elimination of state and federal financial assistance has made it difficult for municipalities to maintain downtown areas. The second factor giving rise to this study is the lack of comprehensive reference material concerning the creation of business improvement districts,

especially concerning the planning, implementation, funding, and management of BIDs.

History and Evolution of the BID Concept

The business improvement district concept dates back to antiquity. Ancient Egyptian produce markets evolved into multi-purpose service and artisan centers.¹ Today the Khan El Khalili, or Muski, represents the hub of Cairo's central business district. The Khan El Khalili preserves an essential link to central Cairo's rich cultural and economic heritage. This transformation from old to new and the process of assimilation and adaptation of twentieth century economic reality exemplifies the basic concept of modern business improvement districts: that is, the preservation of the central business district as the heart of economic, social, and cultural activity.

Important precursors to the BID concept were the merchant guilds or associations established in Europe during the Middle Ages. Initially, such guilds relied upon voluntary assessments to provide basic security and maintenance. Eventually merchant guilds relinquished their role of provider and began monitoring governmental performance, especially concerning tax assessment.

The industrial revolution in Europe and America caused central business districts to become more congested, and the level of service required to maintain safe, sanitary, and attractive conditions increased proportionately. In response to the increased demand for services, local governments were compelled to tax central business

¹James Aldridge, Cairo, (Boston/Toronto: Little Brown and Company, 1969), p. 129.

district properties at much higher rates than outlying areas.

Prior to the 1950's it was not uncommon for owners of central business district properties to be assessed as much as \$75.00 per year, per square foot of property.² Levels of service remained commensurately high until the late 1950's when business, industry, and residents began to locate outside of central business districts. As this trend intensified, central business district tax bases diminished significantly. Government revenues traditionally earmarked for city center activities went to fund improvements for new activity areas, industrial projects, and suburban residential developments. Eventually large shopping centers replaced central business districts as the city's core of activity and commerce. Many business districts became skeletons of their former cultural and economic vitality. City center services were limited to basic sanitation, fire, and law enforcement. Such luxuries as daily refuse collection, flower watering, tree planting, and street sweeping became things of the past.

Downtown business leaders were surprised and confused initially, but they began to fight back. Voluntary merchant associations and councils were organized and funded through membership dues. Chambers of Commerce are among the most notable of these associations. Since the early 1960's the number of chambers and other associations have increased significantly. Nevertheless, because of their dependence on membership dues and private contributions, they have found it difficult to finance supplemental services and improvements.

²Joseph H. Wilson, The Special Assessment District: An Overview. (Washington, D.C.: International Downtown Association, [1986]), p. 3.

Definition and Clarification of the BID Concept

There are two aspects to the rapid growth of business improvement districts. First there is a significant increase in the number of districts being organized to accomplish downtown goals and objectives. Second, districts are continually expanding the scope of their activities. Business improvement districts have evolved from single-purpose entities with limited powers to multi-purpose organizations with the power to facilitate a wide range of downtown activities.

The most notable new development in business improvement districts is their recent emergence as effective management structures. The existence of a centralized management structure is commonly acknowledged to be a primary strength of regional shopping malls, while the absence of unified management has long been a major weakness of downtowns. It is apparent that as the scope of BID activities expand, some type of management structure will play a vital role in the future of downtown America.

There is a pervasive state of confusion concerning the terminology used in discussing improvement and assessment districts. The terms special assessment district, benefit assessment district, business improvement district, or simply district are often used interchangeably from state to state. They all seek to achieve the same result, but there are substantial differences. Assessment or special assessment districts are essentially financing mechanisms, a form of taxation. They are defined by geographic areas and established by local government authority, pursuant to state enabling legislation. Assessment districts are usually created to perform a single function,

or to provide a specific service. For example, they are commonly used to finance sewer lines or street sweeping.

Business improvement districts are also financing mechanisms, established consistent with state enabling legislation and defined by boundaries, but they have very broad powers to plan, finance, and implement downtown activities. Inherent in their authority is the power to establish an administrative framework for the planning and implementation of a wide variety of downtown activities. In essence, the business improvement district concept represents a powerful management and financial tool for accomplishing the collective goals and objectives of downtowners.

Today, business leaders across America are tailoring business improvement districts to complement existing management structures and associations. Typically, downtown merchant associations, comprised of merchants and property owners, work to formulate overall policy decisions. Specific management functions, funded through special assessments, are performed by the business improvement district. Finally, a downtown development association may be brought in to assist with the planning and facilitation of real estate development. From this, it is clear that business improvement districts can be an effective means of meeting the needs of downtowners.

The fundamental characteristics of business improvement districts include:

1. Autonomy and Independence- BIDs commonly enjoy a high degree of administrative and operational independence. Most states require that districts operate subject to some degree of

local government approval or participation, but BIDs still retain a substantial amount of latitude to develop and administer plans for the future.

2. Fiscal Responsibility- A BID has the power to levy or have levied on its behalf, assessments for the purpose of funding district plans and programs.
3. Supplemental Character- Central to the BID concept is the statutory requirement that assessments are to be used to finance services over and above those normally provided by the municipality. Montana Law specifies that the municipality may not decrease the level of existing service within the district, unless such service is decreased throughout the entire jurisdictional area of the city.³
4. Quasi Governmental Character- A BID is essentially a political subdivision of state, local, and county government. Within its boundaries the BID operates as a special purpose form of local government, authorized to plan and carry out a wide variety of activities. The reason BIDs are often described as quasi-public or quasi-private is primarily due to the significant role that business communities have assumed in their creation and administration.

Why Business Improvement Districts are Established

The most fundamental question to be addressed by this study is:

³Business Improvement Districts, Montana Code Annotated, sec. 7-12-1142.

Why should we create a business improvement district? The answer may seem obvious: "because we want to get something done downtown." But if the issue is that simple, then why do we need to go to the trouble of establishing a BID? Why not simply ask local government to provide additional services and improvements? The answer is that cities often find such specialized projects to be both politically and financially unfeasible. There are two reasons for this. First, elected officials realize that the majority of voters do not reside within central business districts and are generally opposed to tax increases resulting in no perceptible benefit to them. Second, many cities are faced with shrinking tax bases and rising costs of services. They simply may not have the financial resources to provide additional services and improvements. There are a number of factors influencing the creation of business improvement districts. Some of the most important factors include:

1. the desire to initiate downtown projects in a "businesslike" rather than in a political manner;
2. the perceived need to recruit private sector professionals to take charge of downtown projects;
3. the notion that politics should be excluded from the arena of downtown revitalization;
4. the opinion that voters would approve the creation of a business improvement district to accomplish downtown projects, but would not vote in favor of a particular project or its funding;
5. the knowledge that district projects are not funded through

general tax levies and tend to be more acceptable to tax payers in general;

6. the desire to avoid the limitations imposed by "strict construction" of general municipal powers. For example, municipal governments are not allowed to establish differential taxing areas, but BIDs do have the power to establish differential taxing areas. This power is essential to their existence because a BID can assess for services and improvements tailored to the wishes and needs of downtowners;
7. the knowledge that local governments are restricted by debt and tax limits, but districts are free to combine assessment revenue with grants, loans, private contributions, and income producing ventures. This is especially important when large capital expenditures are involved;
8. the idea that districts provide a means to link particular improvements to a specific set of benefits. In other words, the tax base is assessed for specific benefits;
9. the belief that interest groups tend to favor the district concept because they see it as a powerful tool for accomplishing specialized goals and objectives; and
10. the knowledge that the district option offers the best means to take action which is essential to the welfare and survival of the downtown.

Advantages of a BID to Downtown Missoula

I have previously discussed general reasons for establishing BIDs.

I will now suggest some advantages to downtown Missoula in particular.

A business improvement district would give downtowners the power to plan and implement projects with their own money. Montana law grants business improvement districts the power to finance a broad range of services and improvements, over and above those provided by the city. These supplemental services and improvements are geared toward inducing new business to locate downtown, as well as enhancing the general atmosphere of the area.

The district vehicle would give downtown Missoula the power and funding capabilities to advertise and promote the district area and to recruit actively new business to locate downtown. Promotion and advertising could involve television, newspaper, and radio advertising, as well as newsletters, brochures, and special events programming. The goal of promotion and advertising should be to establish downtown as the center of activity in Missoula. By establishing downtown as "the place where things are happening," new businesses are more likely to view the area as a desirable place to locate. Physical improvements accomplished through the district vehicle would also help to convince new business to locate downtown. Existing businesses may also be tempted to relocate within district boundaries.

Another practical advantage that the district vehicle offers downtown Missoula is: BIDs are usually not required to operate pursuant to all state, federal, or city purchasing, contracting, personnel, and financial regulations. The ability to circumvent some legal constraints would give downtown Missoula more flexibility in program design and would facilitate smoother implementation of plans.

Finally, a BID provides the opportunity to bring together many of the progressive and talented minds of downtown Missoula. A few of the special talents possessed by downtowners include financial expertise, legal knowledge, sales and marketing skills, construction and development skills, and political awareness and influence.

The combination of many talented people working together for downtown Missoula would produce an effective downtown management tool. In essence, the most important component is people and their collective efforts to help downtown Missoula reach its potential.

Research Methods-Source Materials and Chapter Outlines

From late May until September of 1987 I was employed as an intern with the Missoula Redevelopment Agency. I was assigned to research and devise a comprehensive plan or manual to guide business leaders and local government officials in creating business improvement districts.

The primary sources of information for this study were Title VII of Montana Code Annotated and extensive telephone and personal interviews with public officials, merchants, property owners, and developers in Missoula, Helena, Billings, Great Falls, and Hamilton, Montana. Economic development specialists from Oregon and Washington also contributed ideas and insight. Additional information was obtained through the Missoula County Assessor's mainframe computer; budget and policy documents from the City of Helena; the Downtown Helena Business Improvement District; the Missoula Redevelopment Agency; the Missoula Downtown Association; the City of Missoula, and the Missoula Office of Community and Economic Development. Some of the public officials who were particularly helpful in providing relevant

information include:

1. Geoff Badenoch, Director, Missoula Redevelopment Agency;
2. Chris Behan, Redevelopment Specialist, Missoula Redevelopment Agency;
3. Chuck Stearns, Finance Officer, City of Missoula;
4. Tom Kosena, Director, Missoula Parking Commission;
5. Tom McKerlick, Director, Community Development Department, City of Billings;
6. John Rogers, Director, Downtown Helena Business Improvement District;
7. Bill Verwolff, City Manager, City of Helena; and
8. Debi Cloyd-Paskvan, Redevelopment Specialist, Missoula Redevelopment Agency.

Downtown merchants, property owners, redevelopment specialists, and local government officials will find this study particularly helpful in creating business improvement districts. It is written as a manual, describing the important aspects of creating and maintaining BIDs. The study will be divided into four chapters. Chapter Two defines and discusses the practical, political, and legal implications of establishing and administering business improvement districts. Chapter Three describes how BIDs are funded by establishing the district boundaries and an assessment formula. Chapter Four consists of a conclusion and final observations. There is an appendix comprised of assessment criteria, and Montana law concerning BIDs.

CHAPTER II

PRACTICAL, POLITICAL, AND LEGAL CONSIDERATIONS OF ESTABLISHING BUSINESS IMPROVEMENT DISTRICTS

As with any activity or project, a business improvement district begins with an idea. The impetus to create a BID usually comes from a group of business leaders who perceive the need to improve the downtown. The business improvement district concept offers a wide variety of possibilities. Montana law authorizes the board of trustees administering the district to engage in the following activities:

1. "sue and be sued, enter into contracts and hire and terminate personnel needed for its purposes;
2. "provide special police, maintenance, or cleaning personnel for the general protection and enjoyment of the general public using the district;
3. "landscape and beautify public areas and to maintain those areas;
4. "contract with the governing body (city council) to maintain, operate, or repair public parking facilities;
5. "contract with the governing body to maintain streets, alleys, malls, bridges, ramps, tunnels, landscaping, and other public facilities as mutually agreed upon;
6. "promote private investment and business expansion in the district;
7. "provide for the management and administration of the affairs

of the district;

8. "promote business activity by advertising, decorating, marketing and promoting, and managing events and other actions designed for the general promotion of business activities in the district; and
9. "perform other such functions as are necessary to further the objectives of the district."⁴

The above BID powers indicate that Montana Law is liberal in terms of powers granted and suggests a diverse menu of possible downtown activities and projects.

Faced with so many options, the first step organizers should take is to hold a series of brainstorming sessions. District organizers need to sit down and draft a clear statement of what they want to accomplish and how they intend to go about it. At this stage it is important for organizers to understand that the business improvement district is theirs; it is their project and they must work hard to ensure its success. It can not be overemphasized that thorough and thoughtful planning is crucial to the successful implementation of a BID.

Political Considerations

An essential element organizers must consider while planning their BID involves acknowledging the existence and the importance of the political constituencies who will be affected by the district. Downtown merchants and property owners, local government officials, housing specialists, and so called political conservatives, liberals, and moderates are all important actors to consider. Essentially, the

⁴Business Improvement Districts, Montana Code Annotated, sec. 7-12-1131.

goals and objectives established for the district should reflect the valid interests of the groups and individuals who will be served and affected by the business improvement district.

Downtown merchants and property owners generally agree that revitalization is essential. They understand that renewal and revitalization can effect a favorable atmosphere for businesses of all types. Downtowners also realize that a flourishing downtown pays taxes, creates job opportunities, and maintains high levels of service to the public. Finally, they agree that too much has already been invested in the downtown to simply let it deteriorate.

Although downtown merchants and property owners agree that a BID can produce significant benefits for the downtown, there is a point of tension between them that must be addressed. Property owners often object on the grounds that services and improvements are the responsibility of the municipality, and tenants, or merchants, object to the increased rent that property owners feel they must charge to help offset BID assessments. An interview with Helena, Montana's BID Director, John Rogers, revealed a unique approach to mediate this situation. Helena has a downtown association, independent of the BID, and funded primarily through voluntary membership dues. The Helena BID agrees to earmark \$11,000.00 per year for downtown promotion and advertising, and the downtown association matches this contribution. By this action both property owners and downtown merchants commit themselves to the goals associated with district membership.⁵

⁵Interview with John Rogers, Helena Business Improvement District, Helena, Montana, 19 June, 1987.

Local governments, consisting of mayors, council members, finance officers, and others are caught in a precarious position. Politically, large expenditures for downtown services are not always popular with voters, the vast majority of whom do not live downtown. At the same time the city is very dependent upon taxes collected downtown. The city's fiscal prosperity is directly related to the downtown's economic performance. Suburban shopping malls may significantly reduce downtown business and property values, depleting city tax revenues. Meanwhile, city expenses are escalating.⁶

Housing specialists are often opposed to downtown commercial renewal unless it involves the provision of low and middle income housing. They believe that public tax revenues should benefit the poorest segments of society, and that government is the proper sector to take such action. This view is shared by a wide range of citizens and organizations. These people must be convinced that upgrading the downtown will enhance the community in general.

"Conservative" factions are often opposed to publicly funded renewal projects. They see it as an improper intrusion of government into the sphere of private business. But political conservatives commonly support the BID concept, because of the substantial degree of autonomy districts enjoy from local government influence.

Political "liberals" on the other hand, tend to oppose urban renewal on the grounds that public money is being used for other than social reform purposes. Commercial renewal is particularly disturbing

⁶Downtown Idea Exchange, Downtown Renewal Politics, (New York: Downtown Research and Development Center, 1975), pp. 1-2.

to liberals because they see it as an improper use of public tax dollars to benefit private business.

Renewal is often popular with political moderates, regardless of partisan affiliation. Moderates tend to favor balanced renewal. They hold that general downtown, commercial, and residential renewal enhances the overall economic health of the community.

The above mentioned descriptions are, of course, generalizations. However, the importance of understanding the political forces that affect downtown renewal is fundamental. The best laid plans are wasted if you fail or neglect to establish solid political support. Proponents and organizers must work diligently to strike a balance between intellectual planning and practical politics.⁷ Many economically sound district proposals fail because organizers fail to recognize or acknowledge the power of political interests and the importance of establishing strong political roots.

Practical Considerations

Another element BID organizers must consider during the planning process are the practical implications of a BID to the downtown and to the entire municipal jurisdiction. To prosper, the district must benefit citizens residing outside as well as within district boundaries.

Property owners and merchants within district boundaries will need to be convinced that they will derive tangible benefits from district membership. For example, district-funded infrastructure improvements

⁷Arron Wildavsky, Speaking Truth to Power, The Art and Craft of Policy Analysis, (Boston Little Brown and Company, 179-11).

would increase the downtown's property values, while supplemental services as well as infrastructure improvements would provide favorable publicity for the entire city. Thoughtful presentation of these practical matters would facilitate smoother implementation of a business improvement district.

Some of the other practical issues that organizers should consider include:

1. What services and improvements do you want the district to accomplish?
2. How much will the proposed services and improvements cost? Who will pay for them, and precisely how much will individual property owners pay?
3. Can district boundaries be justified in terms of tangible benefits to property owners and tenants/merchants? Poorly planned boundaries have aborted more than one district proposal. The district must encompass land, people, and businesses with sufficient common interests to work together. A net cast too wide brings in dissidents who do not share common downtown interests. An interview with Tom McKerlick, Director of the Community Development Department in Billings, Montana, revealed that a major problem BID organizers have encountered in Billings is boundary related. Mr McKerlick said: "We are having a great deal of difficulty justifying boundaries large enough to provide the revenue to finance our

desired projects."⁸

4. Can you accomplish what you are proposing pursuant to state law? Proponents must review the law carefully for its intent. Just because something is not expressly mentioned does not necessarily mean that it is prohibited. Legislation is often vague, leaving specific policy formulation to the discretion of the particular agency. Local legal counsel, such as the city attorney, should be consulted.
5. What state and federal programs, if any, are available to supplement district funds? And what are the requirements to qualify for such programs?
6. How long do you want the district to operate? Helena, Montana, established the first BID in Montana on a five year trial basis. Statutory requirements vary from state to state, but the main point here is that the district should be allowed to operate long enough to give it a legitimate trial. Three to five years should be adequate.
7. Should the district hire a full time manager to conduct the day to day business of the district? Districts performing a limited scope of activities usually find it unnecessary to retain a full time manager. Helena, Montana, maintains an annual budget of \$75,000. Helena has opted to hire a full time manager and a part time secretary. The manager and secretary perform a variety of administrative, developmental,

⁸Interview with Tom McKerlick, Community Development Department, Billings, Montana, June 1987.

and promotional activities including business assistance, training seminars for downtown merchants, parking management, business development, and market research.⁹

Another issue deserving special attention concerns how the BID will interact with local government. How will it benefit the city, and how can the city help the district? Practical issues that should be considered include:

8. Is the local government in favor of a district? If so, is the city willing to help the district secure outside financial support, and can the city offer technical assistance?
9. Does the district wish to contract with the city for supplemental services, and does the district want to assume responsibility for some services traditionally provided by the city. For example, the district could recruit a private firm for refuse collection and snow removal.
10. How can the district ensure that local government will not cut back on existing services and hand over responsibility to the district? Montana Law specifies that the city can not decrease existing levels of services within the district, unless it does so throughout its entire jurisdiction. But there may arise a problem in defining maintenance of effort.¹⁰ This problem can be avoided by having the district

⁹Interview with John Rogers, Helena Business Improvement District, Helena, Montana, 19 June 1987.

¹⁰Business Improvement Districts, Montana Code Annotated, sec. 7-12-1142.

and the city specify in advance a process to resolve any differences concerning the interpretation of maintenance of effort.¹¹

A careful and comprehensive planning process is essential to the successful establishment and implementation of a business improvement district. Property owners, merchants, and citizens in general will want to know precisely what they will get from the district and how much it will cost. For example, refuse collection and snow removal are easy to identify as tangible benefits, but increased pedestrian traffic and retail sales are more difficult to quantify in terms of tangible benefit. Organizers will be expected to demonstrate a clear correlation between assessments and the degree of benefit derived from the district. Organizers must also be cautious not to oversell the district by making unrealistic promises that cannot possibly be kept. What is needed is imagination, astute planning, and smart salesmanship. Organizers must believe in the feasibility of their district and proceed with confidence in their ability to make it happen.

Legal Considerations

The statutory requirements for establishing business improvement districts are relatively straightforward. Nevertheless, it is imperative that organizers consult local legal counsel. The remainder of this manual contains reference to Montana law, but is not intended to supercede professional legal advice. Montana law provides the basis for establishing BIDs, specifically Montana Code Annotated sec. 7-12-

¹¹Wilson, The Special Assessment District: An Overview. (Washington, D.C.: International Downtown Association. [1986]), p. 8.

1111, which states:

1. "Upon the receipt of a petition signed by the owners of more than 60 percent of the property proposed in the petition to be included in the district, a governing body shall establish a district."
2. "The boundaries of a district must comply with applicable zoning regulations, and the district may not include areas that are zoned as primarily residential areas."¹²

The key issue here is the ability to obtain signatures from the owners of more than 60 percent of the property to be included in the district. Failure to secure more than 60 percent approval is analogous to failure to establish a district. Astute planning is crucial to a successful petition drive to establish a business improvement district. A petition drive must maintain a clear focus, derived from a thorough planning process, to secure the support necessary to establish a BID.

All property owners within the district are important and support for the district should be sought from all quarters. Nevertheless, the petition drive must focus on winning the support of large retailers, financial institutions, hotels and motels, and utilities. In Missoula, Montana, for example, major retailers, banks, hotels and motels, and utilities (properties with taxable values of at least \$15,000) account for approximately 71 percent of the total taxable value of properties within the downtown business district. Support and approval from this sector of the downtown district is fundamental to a successful petition drive.

During the petition drive organizers must ensure that every effort

¹²Business Improvement Districts, Montana Code Annotated, sec. 7-12-1111.

is made to clearly explain the specific benefits property owners, merchants, and the city in general can expect from the district. This can be accomplished through a series of open meetings and individual interviews with all those to be assessed for, or affected by, the district. Organizers must believe, and downtowners must be convinced, that they play a vital role in the future of the downtown.

Resolution of Intention to Establish a BID

Prior to creating a district, the governing body must pass a resolution of intention. The purpose of this resolution has three facets. First, the resolution must clearly describe the district's boundaries and its general purpose. Second, the resolution must provide proper legal notice to property owners to be assessed for the proposed district. And third, the resolution must establish a specific time and place where the governing body will meet to hear and pass upon all protests that may arise against the proposed district.¹³

Montana law specifies that the resolution of intention be published for five days in a daily newspaper or in one issue of a weekly paper published in the city or county. If no paper is published in the city or county, the notice of passage of resolution of intention may be posted for five days in three public places in the city or county. All property owners within the proposed district must also be mailed a copy of the notice. The notice must be mailed on the same day that it is published or posted. The notice also must describe the district's general purpose and indicate a time and location where the

¹³Business Improvement Districts, Montana Code Annotated, sec. 7-12-1112.

governing body will receive and act upon any protests against the proposed district.¹⁴

Procedural Due Process: Notice

The provision of notice is rooted in the constitutional requirement of procedural due process. In short, procedural due process requires that the entire decision making process be fair, providing all interested persons an adequate opportunity to appear and be heard. Procedural due process, as it applies to notice, specifies that adequate and timely notice of a public decision making process is a fundamental right of all American citizens. The U.S. Supreme Court, in a frequently cited decision, has said that the notice must be "...reasonably calculated, under all the circumstances to inform interested parties of the tendency of the action and afford them the opportunity to present their objections.... The notice must be of such nature as reasonably to convey the required information..."¹⁵

In summation, procedural due process specifies that there must be notice of the action and it must adequately inform all interested parties of the proposed action. Notice must be long enough to allow interested parties sufficient time to prepare for a hearing.

Sufficient Protest to Bar the Proceedings

It is possible that the district proposal will encounter opposition early in the proceedings. The district's ability to stop a protest movement from being successful is directly related to the

¹⁴Ibid.

¹⁵Mullane v. Central Hanover Bank and Turner Trust Co., 339 U.S. 306, 314 (1950).

quality of the foundation laid by organizers during the initial stages.

Any owners of property to be assessed for the proposed business improvement district may file a written protest any time within fifteen days after the notice of resolution of intent is published or posted. The protest must be delivered to the governing body or its clerk, no later than 5:00 p.m. of the fifteenth day.¹⁶

Montana law specifies that no further action can be taken upon the district for one year, at which time a new petition drive must be undertaken, if a written protest against the proposed district is filed by:

1. "owners of property within the proposed district having a taxable valuation, when aggregated, representing not less than 50 percent of the total taxable valuation of property within the district; or
2. "not less than 50 percent of the owners of property within the district; or
3. "owners of property within the district having projected assessments, when aggregated, representing not less than 50 percent of the total projected assessments for property within the district."¹⁷

¹⁶Business Improvement Districts, Montana Code Annotated, sec. 7-12-1113.

¹⁷Business Improvement Districts, Montana Code Annotated, sec. 7-12-1114.

CHAPTER III

FUNDING BUSINESS IMPROVEMENT DISTRICTS

The following chapter discusses the funding of BIDs in general and in Montana. For the purpose of demonstration, I have also included funding, budget, and policy recommendations for a BID in downtown Missoula, Montana. These recommendations are only intended to serve as guidelines, in the event that a BID is established in downtown Missoula.

Annual Work Plan and Budget

Each year the BID board of directors is required to submit a copy of the work plan, along with a proposed budget, to the governing body of the municipality. The annual work plan and budget taken together, are a statement of the district's proposed activities for one fiscal year. The work plan acts to clarify these proposed activities. The annual budget represents the district's funding and policy priorities. It answers two questions. First, what are the district's priorities in terms of activities and programs? And second, how much money should be spent for each, relative to the total district budget? Annual district budgets range from less than \$75,000.00 in cities like Helena, Montana, to several million in cities the size of Denver, Colorado. District

size, however, seems to bear no relation to the size of the budget. For instance, Chicago's State Street Mall comprises nine blocks and boasts a budget of \$1,500,000.00, while Tulsa, Oklahoma's, district bounds 222 blocks with a budget of \$705,000.00.¹⁸ Factors that influence the size of a district's budget, other than the area's size, include:

1. the cost of proposed improvements in terms of capital expenditures and maintenance;
2. the replacement cost of materials, such as trees, lighting fixtures, and flower pots; and
3. the management, marketing, promotion, and special events planned for the district.

The Downtown Missoula Business Improvement District would engage in a variety of activities in downtown Missoula, such as general administration, physical improvements, new business recruitment, and promotional events. The district's plans, activities, and day to day business would be conducted by the district manager, with the assistance of a half-time secretary. The district manager serves at the discretion of a five to seven member board of directors. Montana statutes specify that the mayor, with the approval of the city council, shall appoint five to seven owners of property within the district to serve as the district board of directors.¹⁹ The board of directors

¹⁸Wilson, The Special Assessment District: An Overview, (Washington, D.C.: International Downtown Association, [1986]), pp. 8-9.

¹⁹Business Improvement Districts, Montana Code Annotated, sec. 7-12-1121.

developa the overall policy for the district and directs the district manager in carrying out district plans and activities. The following sample work plan for the Downtown Missoula BID suggests plans and activities for one fiscal year:

1. General Administrative Activities

In accordance with the directives established by the district board of directors, the district manager will coordinate district activities with the City of Missoula, the Missoula Downtown Association, the Missoula Redevelopment Agency, and other community groups and organizations, to the mutual benefit of downtown Missoula and the entire community. The district manager will also prepare all necessary reports such as periodic progress reports, financial statements, budgets, and all other relevant information necessary to provide an accurate account of the activities of the Downtown Missoula Business Improvement District. An annual planning session, open to the public, will be held to establish the general duties and activities of the district for the upcoming year.

2. Physical Improvements and Beautification

The Downtown Missoula Business Improvement District will plan and implement physical improvements and beautification projects within the BID area. The district will work closely with the City of Missoula and community organizations to ensure that the improvements are in the best interest of downtown Missoula and the entire community. Specific physical improvements could include bus stop shelters,

benches and street furniture, kiosks, signs, refuse receptacles, fountains, public rest rooms, and other such fixtures, equipment, and facilities to enhance the atmosphere, convenience, and enjoyment of the downtown.

3. New Business Recruitment and Liaison Activities

The district will strive to develop a program for encouraging new business investment in downtown Missoula. This will be accomplished through research and implementation of methods for providing financial incentives and relocation assistance to potential new businesses and investors. Two essential aspects of this activity are the maintenance and update of an inventory list of available business space in downtown Missoula and the development of brochures and other materials that describe the advantages of locating a business in downtown Missoula. The BID will also join the Missoula Downtown Association and other community organizations in the sponsorship of seminars, lectures, and conventions to provide for the continuing education and effectiveness of downtown business-people.

4. Advertising and Advocacy of Downtown Events

The Downtown Missoula BID will promote a variety of special downtown events, such as art festivals and street fairs to increase customer traffic and the visibility of downtown businesses. Promotional activities will be coordinated with the Missoula Downtown Association and other community organizations. A multi-media advertising program including

television, radio, newsletters, newspaper adds, banners, billboards, and brochures will be developed to improve downtown Missoula's image throughout the community and market area. The district will also establish and operate an information booth in downtown Missoula during the summer months and during peak business hours.

Because the work plan describes the district's activities for one fiscal year, the board of directors must update it annually. The work plan serves to clarify the district's duties and activities, and the annual budget reflects these priorities. For example, if the work plan makes advertising and promotion a priority, the board of directors, with the consent of the mayor and city council, will then amend the district budget.

Downtown Missoula Business Improvement District Budget

The Downtown Missoula Business Improvement District's budget priorities for the first year should include a full time manager's salary, physical improvements, new business recruitment, advertising and promotion, snow removal, refuse collection, Christmas decorations, and flower watering. The district manager's salary of \$28,000.00, as shown in figure 1, page 31, is based on a comparison of salaries paid by other districts and the managerial activities required.²⁰ The secretary's salary is \$6,192.00, calculated at 20 hours per week at \$6.00 an hour. The manager and secretary's salaries account for 27 percent of the total district budget. This proportion is common among

²⁰The district manager's salary is initially determined by district organizers. It is subsequently determined by the district board of directors.

districts performing activities similar to those planned for the Downtown Missoula Business Improvement District.

Operating expenses such as payroll expenses/benefits, rent, telephone, postage, supplies and equipment, legal and accounting fees, dues and subscriptions, and insurance are based on the experiences of other districts performing activities similar to those proposed for the Missoula BID. Operating expenses add up to \$19,900.00. This is approximately \$1,500.00 more than the Helena BID, but Helena's district activities are less extensive than those planned for Missoula. However, Helena plans to implement additional physical improvements in the near future, significantly adding to the extent of its activities.²¹

Figure 1, REVENUE FROM ASSESSMENTS.....\$125,205.00

BUDGETED EXPENDITURES:

Manager's Salary-Full Time.....	\$28,000.00
Secretary's Salary-Half Time.....	6,192.00
Payroll Expense/Benefits.....	6,000.00
Rent.....	5,700.00
Telephone.....	2,000.00
Postage.....	1,800.00
Supplies/Office Equipment.....	1,000.00
Legal and Accounting Fees.....	500.00
Dues and Subscriptions to Profess. Org...	400.00
Liability Insurance.....	2,500.00

²¹Interview with John Rogers, Helena Business Improvement District, Helena, Montana, 19 June 1987.

Physical Improvement/Beautification...	30,000.00
Advertising, Advocacy and Promotions..	10,000.00
Snow removal.....	9,000.00
Landscaping/Lawn Care.....	3,500.00
Refuse Collection.....	1,500.00
Christmas Decoration Installation.....	750.00
Flower Watering.....	1,500.00
Capital Expenditure Contingency Fund...	4,863.00
TOTAL EXPENDITURES.....	\$125,205.00

Budget items such as physical improvements, business recruitment, advertising, advocacy and promotions, snow removal, refuse collection, landscaping, Christmas decorations, and flower watering account for a significant portion of the district budget. They also reflect the expressed priorities of Missoula's downtown merchants and property owners. A July, 1987, survey by the Missoula Downtown Association identified physical improvements, advocacy and advertising, and new business recruitment as top issues with downtowners.²² Downtowners have also indicated that snow removal, refuse collection, Christmas decorations, landscaping, and flower watering are important issues.²³

The budget appropriation of \$9,000.00 for snow removal may seem extravagant, but it includes the cost of purchasing snow removal

²²Missoula Downtown Association, survey of downtown property owners and merchants, July 1987.

²³Interestingly, the business improvement district finished next to last in the survey, in order of priority. This may indicate that downtowners did not fully understand the business improvement district concept at the time of the survey, because a district could accomplish all of their priorities.

equipment and allows for high-average annual snowfall. The district will contract for snow removal services with a private contractor. If the cost of snow removal in any given year is less than the appropriation, the excess will be diverted to other activities such as landscaping or additional Christmas decorations.

The final aspect of the budget, the capital expenditure contingency fund, is a surplus source of funds after all other budget requirements have been satisfied. It is considered emergency revenue to be used for such things as equipment repair, insurance rate increases, employee overtime wages, and travel expenses.

Assessment of Costs

Improvement districts have historically utilized a wide variety of financing mechanisms. Today, district funding powers are still broad and have evolved to be quite flexible.

The most common method for raising district funds is a special assessment levied against all benefited district properties. Single family residences, government properties, school district properties, parks, and churches are normally excluded from district assessment.

Although special assessments are the most common method of funding for district activities, some districts are solely dependent upon private contributions or rely heavily on municipal appropriations. State and federal grants are also common district funding mechanisms.

Special assessments are usually based on the taxable valuation of district property, as determined by the most recent city tax rolls. The city adds the increment to property tax bills and collects the assessment for the district. Some cities require a fee for this

services, but the City of Helena collects assessments at no cost to the business improvement district. An interview with Helena City Manager, Bill Verwolff, revealed: "The city feels that the general benefits derived from the district's existence are worth the administrative costs of collecting assessments."²⁴ Simply put, the district enhances the overall character and reputation of the City of Helena.

The three methods of assessment provided under Montana law are based on the area, lot, and taxable valuation. The area, or square footage, method requires that costs be apportioned against each square foot of benefited district property. The lot method, also called the basic rate method, assumes that each lot or parcel will receive substantially equivalent benefits and that costs should be shared equally. The taxable valuation method specifies that the costs are to be shared proportionately over each dollar of taxable value for all district property. These three assessment methods may be applied separately or in combination. While each method is simple in principle, each can be complicated and requires careful planning.

It is desirable that the assessment method used relate costs to the benefits actually received. For example, some benefits are more tangible than others; snow removal is easier to identify as a benefit than is an increase in retail sales through district sponsored advertising activities. A recent development in assessment methods that arguably can promote equity is the zone of benefit approach. The zone approach requires that the district be divided into zones of increasing or decreasing benefit, determined by proximity to the improvements.

²⁴Interview with Bill Verwolff, City of Helena, Montana, July 1987.

The rationale is that the closer to the service, the higher the benefit and the higher the assessment.²⁵

It is apparent that care must be taken when establishing district boundaries. The boundaries must be justifiable in terms of benefit derived from the district. The district must only include land, people, and businesses that share a common interest in the downtown and benefit from the district's activities. In the sections that follow, equity in assessment methods will be discussed in more detail.

Legal Considerations of Assessing District Properties

Montana law provides the legal basis for levying district assessments.²⁶ Specific legal requirements are as follows:

1. "At the same time that the district board of directors submits the annual budget and work plan to the governing body the board shall also recommend to the governing body a method of levying an assessment on the property within the district which will best ensure that the assessment on each lot or parcel is equitable in proportion to the benefits to be received.
2. The governing body will annually assess the entire district using a method which best ensures that the assessment of each lot or parcel is equitable in proportion to the benefits to be received. In determining the method of

²⁵Downtown Improvement Districts, Creating Money and Power for Downtown Action, New York: Downtown Research and Development Center, 1987.: 19.

²⁶Business Improvement Districts, Montana Code Annotated, sec. 7-12-1133.

assessment to be used, the governing body shall levy the assessment using one of the following methods:

- a. "each lot or parcel of land within such district may be assessed for the part of the whole cost which its area or square footage bears to the area of the entire district exclusive of streets, avenues, alleys, and public places;
- b. "if the governing body determines that the benefits derived from each lot or parcel are substantially equivalent, the cost may be assessed equally to each lot or parcel located within the district without regard to the area of the lot or parcel;
- c. "each lot or parcel of land, including the improvements thereon, may be assessed for that part of the whole cost of the district which its taxable valuation bears to the taxable valuation of the property of the district; or by using any combination of the assessment options provided in subsections a, through c."

Missoula Business Improvement
District Boundaries and (Assessment Formula)

Before a BID is created and assessments are levied against downtown properties, precise boundaries and an assessment formula must be established by district organizers. All assessable property within the boundaries of the BID, which appear in figure 2, page 38, will be assessed for the services and improvements implemented by the district. The district boundaries encompass 124 assessable properties, having a

taxable value, when aggregated, of \$2,249,061.00. The total assessable square footage of district property is 1,460,294.

Properties within the boundaries of the Downtown Missoula BID will be assessed pursuant to the three methods specified by Montana law: the lot, or basic rate; the taxable valuation; and the square footage. I chose to use all three of the assessment methods for two reasons. First, because this study is intended to be instructional, using all three methods will provide guidance to those interested in creating BIDs. By using all three methods, I will be able to offer a more comprehensive explanation of the assessment process. The second reason is because assessments are more equitable, and are perceived as being more equitable by those being assessed, when they are based on more than one assessment method. That is, using a combination of assessment methods allows properties to be assessed according to specific property and BID service characteristics. For example, a variety of properties will be within the Downtown Missoula BID. Some properties have large square footages, but low taxable values, while smaller properties may have high taxable values due to such factors as location, quality of construction, and property improvements. If assessments were based solely on square footage, properties with high taxable values and low square footage could receive greater benefit (e.g., security patrolling) than the larger properties, but pay a significantly lower rate. Basing property assessments on more than one method is the most equitable way to spread the financial burden among different properties because it is a more precise means of reflecting the degree of benefit

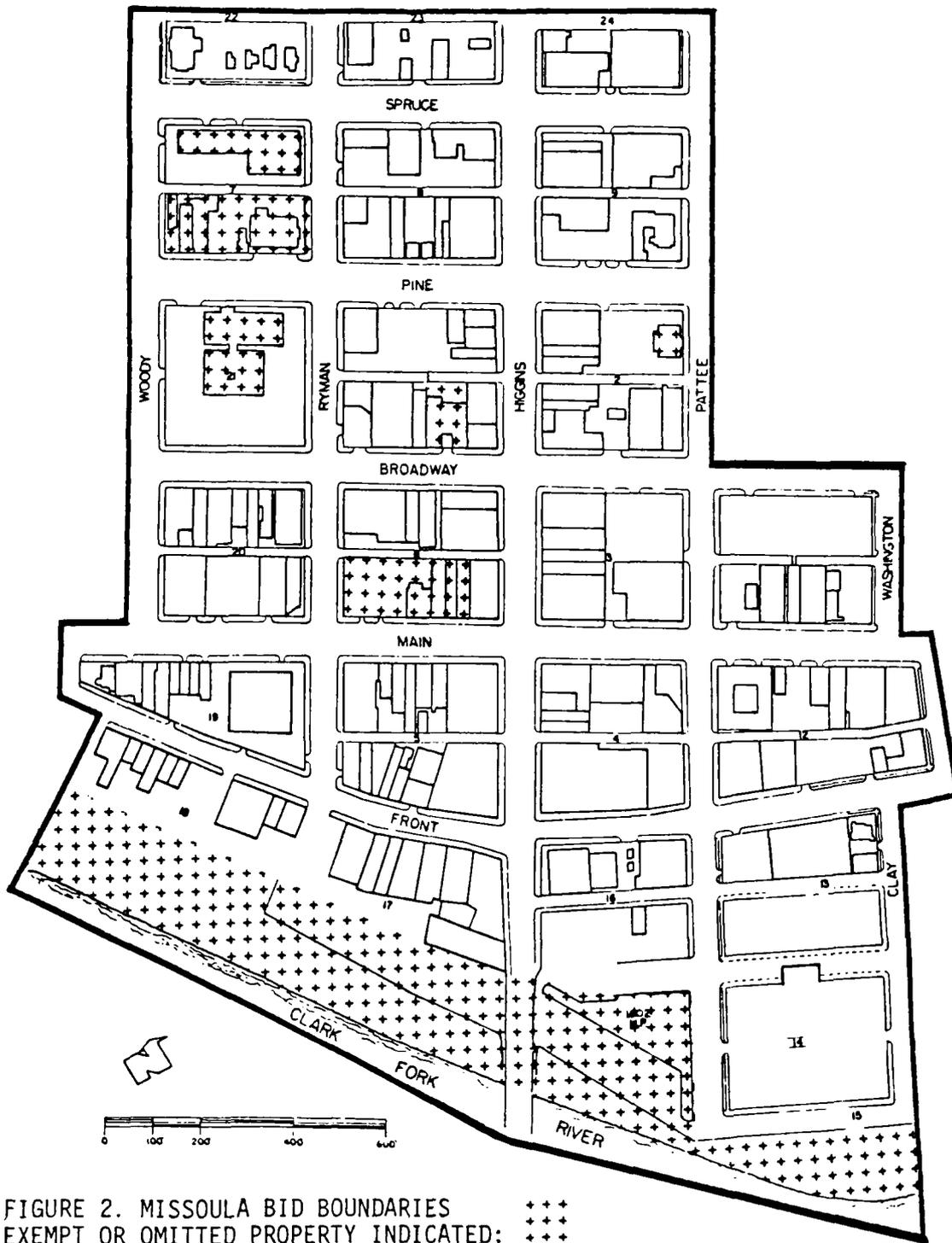


FIGURE 2. MISSOULA BID BOUNDARIES
 EXEMPT OR OMITTED PROPERTY INDICATED: +++

SOURCE: TOM KOSENA, MISSOULA PARKING COMMISSION, MISSOULA, MT.

each property receives. Thus, the rationale for using the three methods is to lend a degree of objectivity to a potentially subjective process.

In order to establish an assessment formula for the district, it was necessary to compile the following list of relevant information pertaining to property tax assessments (see Appendix A):

1. property parcel numbers that coincide to blocks on the district map, appearing in figure 2, on page 38;
2. Start up identification (SUID) number which is necessary to access information, such as taxable value and square footage of individual district properties;
3. property owner;
4. square footage of separate properties;
5. assessed value of separate district lands and improvements;
6. taxable valuation of separate district lands and improvements;
7. total square footage of district land;
8. total assessed value of district land and improvements;
9. total taxable valuation of district land and improvements.

Establishing an assessment formula and applying it to district properties is quite simple. To begin with it must be determined how much revenue the district needs to derive from each assessment method in order to meet its proposed budget of \$125,205.00. Each method, the basic rate, the taxable valuation, and the square footage, will account for a certain percentage of the total district budget. Determining the percentage of the district budget that will be derived from each method is up to the discretion of district organizers. Nevertheless it is

essential, in the interest of equity, that the percentages be determined with respect to each method's relative utility as an indicator of benefit derived from the district.

The essential factor affecting the percentage assigned to each method is the type of activities planned for the district. Because no two districts have the same activities or improvements, each assessment method must be tailored to the characteristics of the particular district. For example, the Downtown Missoula Business Improvement District will engage in a variety of activities, but in only two instances, lawn care and snow removal, can benefit be attributed in some extent to square footage. Consequently, square footage will not account for a large percentage of district revenue and is included as an assessment method primarily for the purpose of demonstration.

I have assigned percentages to each method according to my perception of each method's utility as an indicator of the benefit to be received from proposed district activities. These percentages could change if the district chose to implement additional activities. For instance, if the district were to provide janitorial services or sprinkler systems in each building within the district, square footage would be a more equitable means of measuring benefit and the percentage of the budget attributed to square footage would be adjusted accordingly.

It is important to remember that regardless of the method or methods of assessment used, there will be some degree of subjectivity in the process. Essentially, designing an equitable assessment formula requires careful consideration of how properties benefit and the share

of the overall benefit contributed by the different activities of the district.

In the case of the Downtown Missoula BID, I have determined that the basic rate method will account for 40 percent of the district budget, or \$49,600.00. The taxable valuation method will account for 45 percent, or \$57,351.00, and the square footage method will account for 15 percent of the budget, or \$18,254.00.²⁷

The reason that the basic rate method will account for 40 percent of the budget is that all properties will receive substantially equivalent general benefits from being included within district boundaries and should contribute to the costs equally. These substantial benefits that all properties will receive include: enhanced business development, liaison activities performed by the district manager, promotional assistance, increased cleanliness, professionally planned renewal, and the unified management of downtown activities. The rationale of the basic rate method is that the above mentioned activities enhance the entire district and the financial burden of funding such activities should be equally distributed among district properties.

The taxable valuation method will account for the largest portion of the revenue raised for the district (45 percent, or \$57,351.00). Taxable value is determined by considering a variety of each property's characteristics: square footage, replacement cost/quality of building materials, improvements to the property, location, and the property's

²⁷\$57,351.00 is not precisely 45 percent of \$125,205.00. For the purposes of clarity and ease of demonstration, 45 percent has been rounded. The same is true of the square footage and basic rate percentages.

market value determined by the sales price of similarly situated properties. The rationale of the taxable valuation method is twofold. First, the higher the taxable value the greater the property's ability to pay. Second, highly developed/expensive properties will receive more benefit from the district than less valuable properties. The conclusion is that they should contribute accordingly.

The square footage method will account for the smallest portion, 15 percent, or \$18,254.00, of district revenue. A majority of the activities planned for the Downtown Missoula BID can not be assessed equitably in terms of square footage. Examples of such activities are promotion, advertising, and management of downtown activities. The square footage method would be more useful as an indicator of benefit if the district installed sprinkler systems in all district buildings. Nevertheless, the square footage method does serve to "check" the taxable valuation method. Assessing some, even a small portion, according to square footage will ensure that a very large property with a low taxable value does not pay disproportionately low assessments.

The Assessment Formula

Having determined what percentage of the budget each method will account for, we must calculate a rate to be assigned to each method. In this way we can determine the precise amount each district property must be assessed in order to balance the district budget. These three rates combined constitute what is commonly referred to as the assessment formula.

The assessment rates for a BID are determined much like mills or property tax rates. A mill rate is determined by dividing the taxing

jurisdiction's revenue requirement by the total assessed or taxable valuation of property within its jurisdiction. Suppose the City of Missoula needs to raise \$300,000.00 and the city limits enclose property totaling \$10,000,000.00 in taxable value. By dividing \$300,000.00 by \$10,000,000.00, we see that the city must collect 3 cents for each dollar of taxable value. Expressed as a mill rate it would be 30 mills.

The BID basic rate is determined by dividing \$49,600.00, 40 percent of the district budget, by 124, the total number of district properties. Thus, each district property must be assessed \$400.00 in order to raise \$49,600.00, or 40 percent of the district budget.

The taxable valuation rate is determined by dividing \$57,351.00, 45 percent of the district budget, by \$2,294,061.00, the total taxable value of district property. In this instance each property must be assessed at a rate of \$.0255 for each dollar of taxable valuation.

The square footage rate is determined by dividing \$18,254.00, 15 percent of the budget, by 1,460,294, the total square footage of district property. From this we see that each property must be assessed at a rate of \$.0125 per square foot.

A better understanding of the assessment formula can be obtained by looking at how it applies to individual properties. The following examples represent an assortment of district properties, including a motel, a bank, a small retail store, a restaurant, and a large retail department store.

Individual Property Assessment Rate Examples

Example #1: Motel with 139,326 square feet of property (land),

and having a taxable value of \$268,490.00.

Parcel Number 1401

Note that parcel numbers coincide with block numbers on the district map on page 38, and with the list of district properties appearing in Appendix A.

- Step #1. Basic Rate of \$400.00 per district property \$400.00
- Step #2. Taxable Valuation Rate of \$.0255 x the motel's taxable value of \$268,490.00 = \$6,846.00
- Step #3. Square Footage Rate of \$.0125 x 139,326 square feet of motel property = \$1,742.00
- TOTAL FIRST YEAR ASSESSMENT. \$8,988.00

Example #2

Bank with 35,999 square feet of property and having a taxable value of \$66,951.00.

Parcel Number 1601

- Step #1. Basic Rate of \$400.00 per district property \$400.00
- Step #2. Taxable Valuation Rate of \$.0255 x the bank's taxable value of \$66,951.00 = \$1,707.00
- Step #3. Square Footage Rate of \$.0125 x 35,999 square feet of bank property = \$450.00
- TOTAL FIRST YEAR ASSESSMENT. \$2,557.00

Example #3:

Retail hardware store with 4,155 square feet of property and having a taxable value of \$5,963.00.

Parcel Number 0108

Step #1 Basic Rate of \$400.00 per district
property \$400.00
Step #2 Taxable Valuation Rate of \$.0255 x the store's
taxable value of \$5,963.00 = . . \$152.00
Step #3 Square Footage Rate of \$.0125 x 4,155 square
feet of store property = \$52.00
TOTAL FIRST YEAR BID ASSESSMENT \$604.00

Example #4:

Bar and restaurant with 5,852 square of property and having a taxable value \$6,639.00.

Parcel Number 1705

Step #1 Basic Rate of \$400.00 per district
property \$400.00
Step #2 Taxable Valuation Rate of \$.0255 x the bar-
restaurant's taxable value
of \$6,639.00 \$169.00
Step #3 Square Footage Rate of \$.0125 x 5,852 square
feet of bar-restaurant property = \$73.00
TOTAL FIRST YEAR BID ASSESSMENT.....\$642.00

Example #5.

Retail clothing department store with 46,800 square feet of property and having a taxable value of \$45,571.00

Parcel Number 0404

Step #1 Basic Rate of \$400.00 per district
 property\$400.00
 Step #2 Taxable Valuation Rate of \$.0255 x the store's
 taxable value of \$45,571.00 = \$1,162.00
 Step #3 Square Footage Rate of \$.0125 x 46,800
 square feet of store property =. \$585.00
 TOTAL FIRST YEAR BID ASSESSMENT. . . . \$2,147.00

CHAPTER IV

CONCLUSION AND FINAL OBSERVATIONS

Business improvement districts undoubtedly are here to stay. They generally have been well received by public officials, business leaders, and others interested in public facilities and services. Most important, contemporary political trends favor the increased use of financing methods that do not depend on traditional local government revenues such as general property taxes.²⁸

The business improvement district concept exemplifies a trend toward decentralization of political power in the United States. The absence of effective top-down solutions has led to a significant increase in local neighborhood action. In essence, this recent upsurge in grassroots political activity has grown from the realization that state and federal governments may not be willing or able, or may not be the proper body, to solve local problems. Approximately 20 million Americans are presently organized around issues of local significance. Nearly 25 percent of the population of virtually any neighborhood in

²⁸John Naisbitt, Megatrends, (New York: Warner Books Incorporated, 1982) p. 283.

America indicate that they belong to a neighborhood group.²⁹ From this it is obvious that the current political climate is receptive to the BID concept for providing downtowns with essential services and improvements.

Business Improvement Districts can be an effective management and financial tool for accomplishing a wide variety of downtown services and improvements. They can facilitate projects that otherwise may not be possible. Organizers must proceed cautiously to ensure that the district proposal is acceptable to downtowners and other community interests. Politically astute planning and implementation will minimize problems associated with creating business improvement districts.

As the Nation's fiscal belt tightens, it is imperative that cities and towns become more self sufficient. Traditionally, local governments have relied on state and federal funding for everything from social welfare and education to road construction and capital improvements. Recent fiscal events such as the loss of federal revenue sharing, have significantly altered the financial status of most municipalities. Cities need to explore other sources of funding for needed services and improvements. The time has come for business improvement districts to assume the role of provider, at least in part, of downtown services and improvements. In the future, business improvement districts will continue to emerge as important mechanisms for managing and financing downtown activities.

²⁹Ibid. p. 284-285.

APPENDIX A

PRELIMINARY ASSESSMENT CRITERIA:

PARCEL#	OWNER	SUID#	SQ. FT. LAND	ASS. VAL.	TAX. VAL.
0101	Robinson	695809	28,808	895,700	34,574
0102	Mulligan	778508	5,430	145,000	5,597
0103	B.Ward	1013409 2363805 2363507	5,947	224,400	8,661
0104	Trust Corp.	388105	3,150	37,800	1,459
0105	Weston	2405502	5,598	134,800	5,203
0106	McFarland	1597200	2,700	123,000	4,747
0107	Miss. Parking Commission	788407	EXEMPT		
0108	Kramis	1172908	4,155	154,500	5,963
0109	George	706321	12,465	324,400	12,521
0110	Zorny	1370704	8,035	123,800	4,778
0201	Wyckman	2069304	8,984	383,900	14,818
0202	Bernatz	50906163	16,620	159,800	6,168
0203	City Museum	5906963 9000615	EXEMPT		
0204	Skornogoski	1863159	5,140	207,800	8,021
0205	M. Temple	1382809 1382905	18,005	592,600	22,874
0206	Western Fed.	2394408	3,570	991,300	38,264
0207	Trust Corp.	388009	5,712	194,300	7,449
0208	Devoe	751408	2,380	140,100	5,407
0209	Easter Seal	2489000	EXEMPT		
0210	Wong	2470507	4,522	187,700	7,245
0211	McGuirl	776206	2,975	104,200	4,022

PARCEL#	OWNER	SUID#	SQ. FT. LAND	ASS. VAL.	TAX. VAL.
0301	1st. Interst. Bank	2397606 2397702	34,568	358,900	13,853
0302	Mtn. Bell	1546703	21,450	1,018,620	122,246
0303	Realty Cov. Partners 821	1444506	11,900	1,201,100	46,362
0304	Dussault	537600	3,570	94,800	3,659
0305	Chausee	2130908	5,400	134,800	5,203
0306	Duncan Ins.	528607	5,057	192,200	7,418
0401	Palmer	1719706	5,910	375,700	14,502
0402	Williams	602302	15,540	523,100	20,191
0403	Williams	605202	13,320	257,600	9,945
0404	Alstore Realty	25404	46,800	1,180,600	45,571
0405	Chadwick	634201	2,520	107,000	4,130
0406	Rubie	1967901	2,520	124,000	4,786
0407	Northwestern Trade	1665500	4,720	201,300	7,770
0501	Stevens	2471403	15,141	496,200	19,153
0502	Janecek	1024108	4,635	94,000	3,628
0503	Huff	983707	4,403	123,700	4,774
0504	Caras	2457405	5,053	99,200	3,829
0505	Laflesch	673805	4,635	150,500	5,809
0506	Glacier Gen.	1576602	18,469	1,115,200	43,046
0507	Glacier Gen.	0727001	29,505	2,754,700	106,331
0508	Bader	0067600	6,383	127,200	4,909

PARCEL#	OWNER	SUID#	SQ. FT. LAND	ASS. VAL.	TAX. VAL.
0601	Palace	2163303	15,340	531,000	20,496
0602	Christopherson	1966909	3,900	101,700	3,925
0603	Richard	2197806	5,183	119,000	4,595
0604	Trust Corp.	387901	8,100	248,200	9,580
0605	Ogg Shoe	1681800	5,400	194,300	7,499
0606	Cov. Lodge	386207	4,050	165,700	6,396
0607	Miss. Bank of Montana	2316806	7,800	508,200	19,616
0608-0705	Missoula Parking Commission and City of Missoula-EXEMPT				
0801	Pro. Assoc.	391308	11,440	430,000	16,598
0802	Bossard	183401	9,750	307,500	11,869
0803	Weston	2404606	12,675	219,100	8,457
0804	Burns	2166703	8,755	87,700	3,385
0805	Sutton	782203	13,500	335,100	12,857
0806	West. Finan.	2489904	4,050	167,900	6,480
0807	Asshein	1916606	3,900	92,000	3,551
0808	Flood	651407	4,810	70,500	2,721
0809	Forest	660400	3,900	132,400	5,110
0810	556 Moose Lodge	1446606	6,240	162,700	6,280
0811	USA Broad- casting	1558202	3,890	140,700	5,431
0812	Miss. Fed. Credit Union	1446904	2,382	110,400	4,261
0901	Mandell	1626106	6,500	86,700	3,546

PARCEL#	OWNER	SUID#	SQ, FT. LAND	ASS. VAL.	TAX. VAL.
0902	Miss. Laundry	1446202	19,500	228,800	8,831
0903	1st. Church	5905541	EXEMPT		
0904	West. Service	2069400	7,280	61,000	2,354
0905	Coleman	1768009	7,540	74,800	2,887
0906	Murry Co.	1561652	11,108	171,800	6,631
0907	Zimorino	2229253	3,250	152,200	5,874
0908	Mont. Prop.	344809	7,150	308,600	11,911
1101	First Bank W.	2397879	43,095	3,616,700	139,604
1102	DELETED				
1103	Voeller	0238503	11,700	76,700	2,960
1104	Gullard	1041102	7,800	123,700	4,774
1105	Trade Union	1443600	3,900	80,900	3,122
1106	Union Hall	2313204	7,930	187,100	7,222
1107	W.M. Bank	386101	11,778	126,200	4,871
1201	Exec. Office	903601	17,253	814,900	31,455
1202	Miss. Chamber Commerce	1442906	12,892	203,400	7,851
1203	Rasmussen	1856105	4,306	59,500	2,296
1204	Langel	726509	5,400	151,500	5,847
1205	Taylor	2226108	11,700	186,400	7,195
1206	Svore	2204604	6,009	47,500	1,825
1207	Hightower	707009	4,250	128,800	4,971
1208	Hunsaker	992104	20,595	649,000	25,051

PARCEL#	OWNER	SUID#	SQ. FT. LAND	ASS. VAL.	TAX. VAL
1209	Hellgate Lodge	903009	10,196	576,700	22,260
1301	The Bon	25500	40,337	634,000	24,472
1401	Sheraton	25606	139,326	6,995,700	268,490
1501 1505	City Property: Exempt				
1601	1st Interstate Bank	1012907	35,999	1,734,500	66,951
1602	Mt. Power	9001239	78,840	4,579,775	176,779
1603	Mtn. Water	5830561	13,125	6,715,900	259,233
1701	Hayden	727205	15,345	316,300	12,209
1702	T&E Inc.	2274907	5,242	186,900	7,124
1703	Madsen	1338957	3,731	104,800	4,045
1704	G.C. Floral	305101	3,731	194,300	7,499
1705	Cawley	305009	5,852	172,000	6,659
1706	Pew Const. Co.	1770900	7,802	204,200	7,882
1707	Hammond Inc.	834809	15,494	445,400	17,192
1708	Hanson Simmons Company	845806	11,867	874,300	33,747
1801	Karlberg	2393406	11,700	122,500	4,720
1802	Flaccus	641806	3,900	86,000	3,319
1803	Houldson	975757	4,063	61,500	2,373

PARCEL#	OWNER	SUID#	SQ. FT. LAND	ASS. VAL.	TAX VAL.
1804	Broman	221100	3,762	89,100	3,439
1805	Marcure	1365603	3,250	57,400	2,215
1806	Brubaker	0235103	7,280	70,600	2,725
1807	Caras	282006	13,108	102,000	3,937
1808	Bauer	107307	5,236	143,400	5,535
1901	Mt. Auto Ass.	1460851	5,600	116,600	4,500
1902	Flodberg	651109	5,100	91,400	3,528
1903	Curran	413707	3,150	63,200	2,329
1904	Caras	281908	3,450	82,000	3,165
1905	Duncan	528905	14,110	202,600	7,820
1906	City of Missoula	Exempt			
2001	Demarois	2305405	7,020	75,400	2,910
2002	Sokoloski	1768258	3,900	117,300	4,527
2003	Keppers	2302601	8,658	208,300	8,040
2004	Hunt	879607	7,312	184,600	7,125
2005	Estes	582201	3,900	125,600	4,848
2006	Henry	1442204	8,190	189,200	7,303
2007	Gilligan	1771553	3,900	113,400	4,377
2008	Kintner	1139104	7,800	97,600	3,767
2009	Turman	2304903	3,900	68,000	2,624
2010	Missoula Bank of Montana	2305501 1518702	22,360	372,300	14,370
2101	Missoula County	Exempt			

PARCEL#	OWNER	SUID#	SQ. FT. LAND	ASS. VAL.	TAX. VAL.
2202	City Parking	Exempt			
2203	Cleaners Corp	Omitted			
2204	Poverello Center	Omitted			
2205	Campble	278003	7,800	98,500	3,802
2206	Johnson	1046900	Residential-Exempt		
2207	Fr.to Youth	04306	4,680	43,500	1,679
2208	Funeral Serv.	687353	21,320	317,800	12,267
2311	Harwin	874905	15,000	148,800	5,743
2312	Stetler	2163909	12,650	200,300	7,731
2315	Missoula Fed.	399506	15,340	521,700	12,417
2402	Westmont	2404308	19,500	281,300	10,858
2403	Lee Ent. Inc.	1231301	<u>19,500</u>	<u>446,400</u>	<u>17,231</u>
TOTALS:			1,460,294	55,925,495	2,249,061

SOURCE: MISSOULA COUNTY ASSESSOR MAINFRAME COMPUTER FILES, JUNE 1987.

APPENDIX B
MONTANA STATUTES
BUSINESS IMPROVEMENT DISTRICTS:

CHAPTER 12
IMPROVEMENT DISTRICTS

Parts 1 through 10 reserved

Section

Part 11 — Business Improvement Districts

- 7-12-1101. Short title.
- 7-12-1102. Purpose.
- 7-12-1103. Definitions.
- 7-12-1104 through 7-12-1110 reserved.
- 7-12-1111. Establishment of a district.
- 7-12-1112. Resolution of intention to create district — notice.
- 7-12-1113. Protest against proposed district.
- 7-12-1114. Hearing on protest — sufficient protest to bar proceedings.
- 7-12-1115. Resolution creating district.
- 7-12-1116 through 7-12-1120 reserved.
- 7-12-1121. Board of trustees — appointment — number — term of office.
- 7-12-1122. Organization of board of trustees — no compensation.
- 7-12-1123. Removal of board member.
- 7-12-1124 through 7-12-1130 reserved.
- 7-12-1131. Powers of board in administering district.
- 7-12-1132. Annual budget and work plan — approval — procedure — tax.
- 7-12-1133. Assessment of costs — area, lot, and taxable valuation options
- 7-12-1134 through 7-12-1140 reserved.
- 7-12-1141. Duration of district.
- 7-12-1142. Governing body not to decrease public services.
- 7-12-1143. Liability insurance required.
- 7-12-1144. Obligations of district not obligations of local government.

Parts 12 through 20 reserved

Parts 1 through 10 reserved

Part 11
Business Improvement Districts

7-12-1101. Short title. This part may be cited as the “Business Improvement District Act”.

History: Ea. Sec. 1, Ch. 656, L. 1985.

7-12-1102. Purpose. The purpose of this part is to provide for the creation of business improvement districts having the purposes and powers provided in this part that will serve a public use; will promote the health, safety,

prosperity, security, and general welfare of the inhabitants thereof and of the people of this state; and will be of special benefit to the property within the boundaries of any district created pursuant to the provisions of this part.

History: En. Sec. 2, Ch. 656, L. 1985.

7-12-1103. Definitions. As used in this part, the following definitions apply:

(1) "Appointing authority" means the mayor in the case of a municipality, the board of county commissioners in the case of a county, or the chief executive of a consolidated city-county government.

(2) "Board" means the board of trustees created in 7-12-1112.

(3) "Business" means all types of business, including professions.

(4) "District" means a business improvement district created under this part.

(5) "Governing body" means the legislative body of a local government.

(6) "Local government" means a municipality, a county, or a consolidated city-county government.

(7) "Owner" means a person in whom appears the legal title to real property by deed duly recorded in the county records or a person in possession of real property under claim of ownership for himself or as the personal representative, agent, or guardian of the owner.

History: En. Sec. 3, Ch. 656, L. 1985.

7-12-1104 through 7-12-1110 reserved.

7-12-1111. Establishment of a district. (1) Upon receipt of a petition signed by the owners of more than 60% of the area of the property proposed in the petition to be included in a district, a governing body shall establish a district as provided in this part.

(2) The boundaries of a district must comply with applicable zoning regulations, and the district may not include areas that are zoned primarily as residential areas.

History: En. Sec. 4, Ch. 656, L. 1985.

Cross-References

Local government ordinances, resolutions, and initiatives and referendum, Title 7, ch. 5, part 1.

7-12-1112. Resolution of intention to create district — notice. (1) Before creating a district, the governing body shall pass a resolution of intention to do so, designating the boundaries thereof.

(2) Notice of passage of the resolution must be published for 5 days in a daily newspaper or in one issue of a weekly paper published in the municipality or county or, in case no newspaper is published in the municipality or county, then by posting for 5 days in three public places in the municipality or county. A copy of the notice shall be mailed to every owner of real property within the proposed district listed on the last completed assessment roll for state, county, and school district taxes, at the owner's last-known address, on the same day the notice is first published or posted.

(3) The notice must describe the general purpose of the district and designate the time when and the place where the governing body will hear and

pass upon all protests that may be made against the creation of such district. The notice shall refer to the resolution on file with the governing body or clerk, if any, for the description of the boundaries.

History: Ea. Sec. 5, Ch. 656, L. 1985.

Cross-References

Office of City Treasurer, 7-4-4701.

Office of County Treasurer, Title 7, ch. 6, part 21.

Local government ordinances, resolutions, and initiatives and referendum, Title 7, ch. 5, part 1.

7-12-1113. Protest against proposed district. (1) Any owner of property liable to be assessed may make written protest against the extent or creation of the district to be assessed, or both.

(2) The protest must be in writing and must be delivered to the governing body or its clerk, if any, not later than 5 p.m. of the last day within 15 days after the date of the first publication of the notice of the resolution of intention. The date and hour of receipt of the protest shall be endorsed thereon.

History: Ea. Sec. 6, Ch. 656, L. 1985.

7-12-1114. Hearing on protest — sufficient protest to bar proceedings. (1) At a regular meeting of the governing body after the expiration of the time within which protest may be made, the governing body shall proceed to hear and pass upon all protests. Its decision shall be final and conclusive.

(2) The governing body may adjourn the hearing from time to time. A protestant shall have the right to withdraw a protest at any time before final action thereon by the council or commission.

(3) No further action shall be taken upon the proposed district for 1 year if a written protest against passage of the proposed ordinance is filed by:

(a) owners of property within the proposed district having a taxable valuation, when aggregated, representing not less than 50% of the total taxable valuation of property within the district;

(b) not less than 50% of the owners of property within the district; or

(c) owners of property within the proposed district having projected assessments, when aggregated, representing not less than 50% of the total projected assessments for property within the district.

History: Ea. Sec. 7, Ch. 656, L. 1985.

7-12-1115. Resolution creating district. When no protests have been delivered to the governing body within 15 days after the date of the first publication of the notice of the passing of the resolution of intention, when a protest shall have been found by the governing body to be insufficient or has been overruled, or when a protest against the extent of the proposed district has been heard and denied, the governing body has jurisdiction to order the creation of the district and shall pass a resolution creating the district in accordance with the resolution of intention.

History: Ea. Sec. 8, Ch. 656, L. 1985.

7-12-1116 through 7-12-1120 reserved.

7-12-1121. Board of trustees — appointment — number — term of office. (1) When the governing body of a local government adopts an ordinance creating a business improvement district, the appointing authority,

with the approval of the governing body, shall appoint not less than five or more than seven owners of property within the district to comprise the board of trustees of the district.

(2) The number of members of the board, once established, may be changed within these limits from time to time by subsequent resolutions of the governing body of the local government. A resolution to reduce board membership may not require resignation of any member prior to completion of his appointed term.

(3) Three of the members who are first appointed must be designated to serve for terms of 1, 2, and 3 years, respectively, from the date of their appointments, and two must be designated to serve for terms of 4 years from the date of their appointments. For a seven-member commission, there must be two additional appointments for terms of 2 years and 3 years, respectively.

(4) After initial appointment, members must be appointed for a term of office of 4 years, except that a vacancy occurring during a term must be filled for the unexpired term. A member shall hold office until his successor has been appointed and qualified.

History: En. Secs. 9, 10, Ch. 656, L. 1985.

7-12-1122. Organization of board of trustees — no compensation.

(1) The appointing authority shall designate which member of the board is to be the first chairman. When the office of chairman of the board becomes vacant thereafter, the board shall elect a chairman from among its members. The term of office as chairman of the board, unless otherwise prescribed by the governing body, must be for 1 calendar year or for that portion thereof remaining after each chairman is designated or elected.

(2) Members may receive no compensation.

History: En. Sec. 12, Ch. 656, L. 1985.

7-12-1123. Removal of board member. A member of a board of trustees may be removed by the appointing authority with the consent of the governing body.

History: En. Sec. 11, Ch. 656, L. 1985.

7-12-1124 through 7-12-1130 reserved.

7-12-1131. Powers of board in administering district. The board in administering a district has all powers necessary to carry out the functions of the district contained in the ordinance creating it, including the power to:

- (1) sue and be sued, enter into contracts, and hire and terminate personnel needed for its purposes;
- (2) provide special police, maintenance, or cleaning personnel for the protection and enjoyment of the general public using the business district;
- (3) landscape and beautify public areas and to maintain those areas;
- (4) contract with the governing body to maintain, operate, or repair public parking facilities;
- (5) contract with the governing body to maintain streets, alleys, malls, bridges, ramps, tunnels, landscaping, and other public facilities as mutually agreed upon;
- (6) promote private investment and business expansion in the district;

(7) provide for the management and administration of the affairs of the district;

(8) promote business activity by advertising, decorating, marketing, and promoting and managing events and other actions designed for the general promotion of business activities in the district; and

(9) perform such other functions as are necessary to carry out the purposes of this part and to further the objectives of the district.

History: En. Sec. 13, Ch. 656, L. 1985.

7-12-1132. Annual budget and work plan — approval — procedure — tax. (1) At a time determined by the governing body, the board shall submit to the governing body for approval a work plan and budget for the ensuing fiscal year.

(2) Following public notice that a work plan and budget have been submitted and that the governing body will levy an assessment to defray the cost of the work plan and budget, the governing body shall hold a public hearing on objections to the work plan and budget. After the hearing, the governing body may modify the work plan and budget as it considers necessary and appropriate.

(3) After approval of the work plan and budget and to defray the cost thereof for the next fiscal year, the governing body shall by resolution levy an assessment upon all of the property in the district using as a basis one of the methods prescribed in 7-12-1133.

(4) A copy of the resolution shall be delivered to the treasurer of the local government to be placed on the tax roll and collected in the same manner as other taxes.

History: En. Sec. 14, Ch. 656, L. 1985.

7-12-1133. Assessment of costs — area, lot, and taxable valuation options. (1) At the same time the board submits the annual budget and work plan to the governing body as provided in 7-12-1132, the board shall also recommend to the governing body a method of levying an assessment on the property within the district which will best ensure that the assessment on each lot or parcel is equitable in proportion to the benefits to be received.

(2) The governing body shall annually assess the entire cost of the district against the entire district using a method which best ensures that the assessment on each lot or parcel is equitable in proportion to the benefits to be received. In determining the method of assessment to be used, the governing body shall consider the recommendations of the board. The governing board shall levy the assessment using one of the following methods:

(a) each lot or parcel of land within such district may be assessed for that part of the whole cost which its area bears to the area of the entire district, exclusive of streets, avenues, alleys, and public places;

(b) if the governing body determines that the benefits derived by each lot or parcel are substantially equivalent, the cost may be assessed equally to each lot or parcel located within the district without regard to the area of the lot or parcel;

(c) each lot or parcel of land, including the improvements thereon, may be assessed for that part of the whole cost of the district which its taxable valuation bears to the total taxable valuation of the property of the district; or

(d) by using any combination of the assessment options provided in subsections (a) through (c).

History: En. Sec. 15, Ch. 656, L. 1985.

7-12-1134 through 7-12-1140 reserved.

7-12-1141. Duration of district. The period of duration of a business improvement district is for the period specified in the resolution of the governing body creating the district but shall not be for a period longer than 10 years unless the duration of the district is extended in compliance with the provisions of this part for the creation of a district.

History: En. Sec. 16, Ch. 656, L. 1985.

7-12-1142. Governing body not to decrease public services. The governing body may not decrease the level of public services in the district existing prior to the creation of the district unless the services at the same time are decreased throughout the jurisdictional area of the governing body, nor may it transfer the financial burden of providing those services to the district. The governing body may not discriminate in the provision of publicly funded services between areas included in such district and areas not so included.

History: En. Sec. 17, Ch. 656, L. 1985.

7-12-1143. Liability insurance required. The governing body may not approve the annual budget or the work plan submitted to it by the board unless the annual budget and the work plan provide for liability insurance coverage insuring the district, the board, and the local government against legal liability for personal injury and property damage in an amount determined sufficient for that purpose by the governing body.

History: En. Sec. 18, Ch. 656, L. 1985.

Cross-References

Liability exposure and insurance coverage of governmental entities, Title 2, ch. 9.

7-12-1144. Obligations of district not obligations of local government. An obligation or debt of any nature of a district is not an obligation or debt of the local government that established the district, and in no event is a debt or obligation of a district payable out of any funds or properties of the local government. The debts and obligations of a district are payable solely from the funds and properties of the district.

History: En. Sec. 19, Ch. 656, L. 1985.

SELECTED BIBLIOGRAPHY

- Downtown Idea Exchange. Downtown Funding Strategies. New York: Downtown Research and Development Center, 1975.
- Downtown Improvement Districts. Creating Money and Power for Downtown Action, New York: Downtown Research and Development Center, 1987.
- Downtown Idea Exchange. Downtown Renewal Politics. New York: Downtown Research and Development Center, 1975.
- Montana Code Annotated: Business Improvement Districts, Title 7. part 41, Helena: 1986.
- Naisbitt, John. Megatrends. New York: Warner Books Incorporated, 1982.
- Wildavsky, Aaron. Speaking Truth to Power, The Art and Craft of Policy Analysis. Boston: Little Brown and Company, 1979.
- Wildavsky, Aaron. The Politics of the Budgetary Process. 4th ed., Boston: Little Brown and Company.
- Wilson, Joseph H. The Special Assessment District: An Overview. Washington, D.C.: International Downtown Association, 1986.
- Woll, Peter and Binstock, Robert H. America's Political System: Urban State and Local. 3rd ed. New York: Random House, 1979.