

# 61 downtown business owners seek BID refund

By Dan Daly  
Journal Staff Writer

When the downtown Business Improvement District was formed in 1990, business owner Charles Kulpaca opposed the plan. He paid his assessment under protest.

Three years later, Kulpaca said he would take the Rapid City Common Council up on its offer to refund all BID taxes.

Apparently he wasn't alone. In just five days since offer was extended, 61 downtown business owners have sought refunds, according to Richard Wahlstrom, city finance officer.

"I thought it (the BID) was a waste of money," said Kulpaca, who was one of a dozen people who filed a lawsuit against the city over the BID. "It was one of those shoot-from-the-hip deals that didn't work."

Last week's council action, which could cost the city up to \$55,000, ends both the lawsuit and the political battle that has left lingering bitterness in downtown Rapid City.

The BID, a special taxing district set up to pay for programs to pro-

mote the downtown business district, lasted less than six months before it was killed in a Dec. 4, 1990, citywide election.

But while it was in effect, the BID levied its first six-month tax on all downtown businesses. Some paid the tax, others paid under protest, and some flatly refused.

By the time the BID-funded Downtown Development Commission closed its doors, \$65,000 had been collected and all but \$10,000 had been spent. If all businesses respond, the council will have to make up the \$55,000 difference from its own contingency fund, Wahlstrom said.

Another \$11,000 was never collected and will be written off. In its resolution, the council noted that it would be unfair to those who paid the tax to let others get by without paying.

But the unpaid taxes would be expensive to collect, and the process would "result in the reopening of old wounds," according to the resolution.

Wahlstrom sent out 326 refund offers to downtown businesses on Wednesday.

"We received a stack of them this

morning. I'd say about four inches thick," Wahlstrom said Monday.

In its letter, the city asked business owners if they wanted their BID tax money refunded or placed in a special fund for downtown improvements. Wahlstrom said 61 so far want their money back, and six have asked that their money go into the improvement fund.

Everyone who paid is eligible for the refund, even those who supported the BID. They have until June 30 to seek a refund. Wahlstrom said the average six-month tax for a downtown business was \$175, but assessments ranged from \$4 to \$1,000.

Twenty-six letters were returned because the business had either changed hands, moved or closed. Wahlstrom said only the people who paid the tax can collect.

Kulpaca said he still supported the idea behind the BID — improving and promoting downtown Rapid City — but the BID tax fell too heavily on landlords and smaller firms.

"I'm all for downtown improvement, but it has to be more equitable," Kulpaca said.

99  
5-25