Panel backs BID grace period

Paulette Tobin
Staff Writer

Downtown Rapid City business and property owners who haven’t yet paid their Business Improvement District (BID) tax could avoid the late penalty if they pay by Sept. 28.

The taxes were due Sept. 1, but the Rapid City Common Council’s Legal and Finance Committee on Wednesday recommended a "grace period" until the close of the business day on the last Friday in September.

People who paid by Sept. 28 would not have to pay the late penalty, which is 10 percent of the amount due plus interest on the unpaid balance at the rate of 1.5 percent per month.

In addition, failure to pay the tax could result in a fine of not more than $100, 30 days in jail or both. City officials have said they would seek jail time only as a last resort.

The one-time grace period was proposed by the Downtown Development Commission, which is the board elected to administer the BID.

The common council will act on the recommendation at its meeting Monday night.

Downtown Development Commission Chairman John Brewer said bills for the tax normally would have been sent 60 days in advance of the date the tax had to be paid.

But because of several factors, the first BID bills were mailed only about two to three weeks before the due date, he said Wednesday.

As of last week, the city had received about 48 percent of the money due under the BID tax. Opponents of the BID said the number of late payments showed just how unpopular the BID tax was with downtown business and property owners.

Alderman Bob Fischer said Wednesday BID supporters had a "disaster" on their hands. He said he opposed the "grace period" for late payers because the move might be perceived as a way to make an unpopular tax more palatable.

"This maybe should progress as it should so people can see it is a tough tax," Fischer said. "It's going to make a lot of people mad. I see no reason to make it softer now, especially when it's going to go to a vote."

BID opponents, having failed to refer the BID ordinance to a vote, currently are gathering signatures for an initiative to repeal the BID.

Brewer said the number of late payments was caused by several factors, including the opponents' unsuccessful attempt to refer the petitions to a vote.

Also, the BID office computer software was not compatible with that of the city finance office, and the tax was brand new, which meant some businesses needed time to get set up to pay it, he said.

Some companies have to receive authorization from out-of-town offices to pay the bill, he said. Some local companies were caught short because the notice period was too short.

In the future, the bills will be mailed sooner, and a notice will be mailed before the bills are sent, he said.

The council's Legal and Finance Committee also approved adjustments in the bills of some downtown business and property owners who questioned the amount of their bills.

In those cases, a BID board member went to the businesses and measured them. Some bills went up and some went down, said James Gabel, who did the measuring for the BID.

The common council created the Business Improvement District by ordinance. The tax is assessed based on square footage of the business or property, with a cap of $2,000.

The money from the tax is earmarked for promoting and improving the downtown.