Less than half of BID charges beat deadline

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Staff Writer

Tuesday was the deadline for paying Rapid City's Downtown Business Improvement District (BID) tax, but so far the city has collected less than half of the assessment that is due.

Assistant City Finance Officer Colleen Schmidt said 472 tax bills were mailed, totaling $75,476.27 in assessments.

About 48 percent of that amount — $36,022.97 — has so far been paid to the city.

BID opponents say the number of late payments show how unpopular the BID is among downtown business and property owners who must pay the tax.

Downtown business owner Dick Hoff said the late payments appeared to contradict statements by BID supporters, who said most people downtown supported the BID.

"Did the majority that wanted it forget to pay it?" Hoff said.

But Darline Yeoman, first vice chairman and secretary of the Downtown Development Commission, the board elected to administer the BID, said payments probably were late because the tax was so new.

"Maybe it caught them at a time when they're a little short," Yeoman said.

"There are all kinds of various and sundry reasons."

The penalty for paying the tax late 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.

"I certainly hope it wouldn't come to that. But by ordinance, it is a possibility," acting City Attorney Bob Jackson said.

Attorney Walt Bradsky, another BID opponent, said some people had told him they would not pay the BID tax because of their strong objections to it.

"They think it's wrong, and they're going to take their chances," said Bradsky, who said he was advising people to obey the law and pay the tax.

Jackson said the city would exhaust all other avenues before it tried to put people in jail for not paying the BID tax.

Because none of the tax bills is more than $2,000, those who didn't pay the tax could be taken to small claims court, he said.

Schmidt said the city finance department would handle overdue BID taxes the same way it handled any late payment to the city.

"They will be given a second notice and after that we turn them over for the city attorney's recommendation," Schmidt said.

Some opponents of the BID, including Dick Hoff and businessman Jack Brand, say they have paid the tax under protest.

"I'm not a hero. I'm not going to jail," Brand said.

Brand said opponents to the BID were upset because not all downtown property owners received assessment notices.

They are also concerned because the BID board, not the city, was calculating the assessments and mailing the notices.

The Business Improvement District was created by ordinance by the Rapid City Common Council.

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.

Opponents of the BID tried to refer the BID ordinance to a vote earlier this summer, but the referral petitions were challenged and later thrown out by a 7th Circuit Court judge.

BID opponents now are trying to collect signatures to initiate a vote on the BID.

BID board member Yeoman said the common council had enacted the BID according to state law and that the BID was working as it was intended.

"I think everything is coming along pretty much as expected, pretty nicely, I feel," Yeoman said.