

Q & A About the Rapid City Downtown Improvement District (DID)

1. How will a downtown improvement district help my business?

DIDs are created to specifically improve the business district on proven economic development principles. The number 1 survey response as being the most important facilitator for Rapid City Downtown businesses is to bring more people downtown and improve their experience.

2. Who will pay the DID assessment?

The district will assess property owners. The average rate per square foot nationally ranges from .10 - .25 cents per square foot. The Rapid City DID rate is between .02 - .06 cents per square foot based on the formula of \$1.50 per \$1000 in Zone 1, and \$.75 per \$1000 in Zone 2 of assessed valuation. This formula respects the property owners' right of appeal to Pennington County on the assessed valuation. The maximum annual assessment on any real estate parcel is \$3000.00.

3. Will rent go up because of a DID?

Who pays is a matter between the landlord and the tenant. Property owners may elect to pass some of all of the DID assessment onto renters. However, the purpose of creating an improvement district is to increase sales which in turn increase property values. The evidence of this success in over 1000 districts in the U.S. leads to value for both landlords and renters.

4. What services will my business receive from a DID?

The DID is committed to providing the sustainability of the Main Street Square, its start-up, maintenance, promotion and program. It is an actively and professionally managed part of the scope of the work plan. 86% of people surveyed over the past year said it was "Very Important" or "Important" to increase marketing and promotion downtown.

5. Is this the time to increase investment in downtown?

This is the most critical time to invest in downtown. The economy is making it difficult for all small business to see sales stay even or increase. Competition from other commercial districts such as the Rushmore Mall and Rushmore Crossing, the internet, and adjacent communities dictate that that downtown needs an economic stimulus package of its own. Downtown business surveys indicate 67% of businesses deem a DID very "Important or Important".

6. Is the DID assessment another tax I am already paying for city services?

No. A DID can enhance city services but the DID is not a substitute for city services that are being provided. City government may be restricted by law or by funding sources in providing some quality services to the downtown. The DID has fewer restrictions and can move quickly to respond to projects such as the Main Street Square. Additionally, downtown promotion is not a responsibility of government. Government services and DID programs work as a public/private partnership on applicable programs under state law.

7. Will the DID assessment increase over time?

The assessment rate formula of \$1.50 per \$1000 in Zone 1 and \$.75 per \$1000 in Zone 2 of valuation will not increase. The cap of \$3000 will increase 3.5% annually keeping current with assessments under the cap. The assessed valuation of individual real estate parcels may or may not increase annually.

8. Does everyone in the district pay the assessment?

Each real estate parcel with a commercial use will be assessed. Those exempt from paying an assessment include owner occupied residences, churches, governments, and those exempt under SDCL.

9. *What is the annual budget for the Downtown Improvement District?*

The annual budget is based on expected revenue of \$180,000 and is subject to the oversight of the DID Board appointed by the Mayor. For comparison purposes, Missoula, MT (64,000 population) recently put in place a Downtown Improvement District that raises \$225,000 annually. The Rapid City Hotel BID raises \$1,250,000 annually for visitor marketing and promotion.

10. *If my property is located near the boundary, how does the DID benefit me?*

The boundary represents the area generally regarded in Rapid City as downtown, both by zoning and defined by the businesses located along the streets inside the boundary. The DID benefits extend to all rate paying properties in the district and include uses to sustain projects such as the Main Street Square and other uses as provided under SDCL. All properties within the boundary participate as a rate payer, helping revitalize and redevelop the downtown. The DID increases economic measures including higher sales, higher rents, and higher value for your property. This is a consistent outcome in improvement districts everywhere. Improving the downtown experience for both locals and visitors is just plain good for Rapid City.

11. *Is my DID payment tax deductible?*

Check with your tax preparer. Generally, the Downtown Improvement District assessment is tax deductible.

“Great Downtowns Don’t Just Happen”

