

What is a Community Improvement District?

A Community Improvement District is essentially a "super-sized" Special Business District (SBD) with more powers and an ability to pull in additional types of revenues, such as sales taxes or user fees. This added revenue (along with added powers) allows the district to better meet the needs of businesses, property owners, residents and customers.

Specific programs and services are determined by the members themselves and are based on the potential revenues that the district can raise. CIDs in Missouri and across the nation provide programs and services such as economic development, business recruitment and retention programs, cleaning and maintenance, downtown ambassadors, safety patrols or other security systems, marketing and promotions, beautification and other capital improvements.

In sharp contrast to our SBD, a CID with sufficient revenues would also be able to bond in order to purchase key property or fund a major capital improvement project. For instance, a ½ cent increase in sales taxes would pull in about \$500,000 per year, giving us the ability to capture between \$3 to \$3.5 million in 10 year bonds.

An SBD can raise revenue from property taxes, business license fees, and in-lieu of tax contributions from non-assessed entities. In addition to these funding streams, a CID can assess sales taxes or special assessment fees. For instance, Westport in Kansas City has an additional assessment on bars and nightclubs because the bulk of their resources are directed towards safety and cleanliness issues associated with their customers.

A CID is approved by petition of the property owners. A plan (including agree-upon programs, services and revenue streams) is developed based on member input and is then presented to the property owners for approval. (Although state law does not require that business owners approve the petition, the SBD Board would obviously request their input on this plan as well.) After the petition is approved, final approval is given by the City Council. Even though any change in assessments is outlined in the CID plan, state law still requires that any change be voted on by the residents of the district in question. Thus, any CID will be a multi-step process that requires the approval of key stakeholders.