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Testimony of the Boston Municipal Research Bureau

Before the

Joint Committee on Commerce and Labor Committee

September 15, 2003

Regarding: H3815. The establishment of the Washington Street Business Improvement District (BID) in the City of Boston

Mr. Chairman, my name is Samuel R. Tyler, President of the Boston Municipal Research Bureau and I am here to testify in support of House, No. 3815, the bill to authorize the establishment of the Washington Street Business Improvement District (BID) in the City of Boston. The Research Bureau recognizes the importance of enhancing the physical and business environment in this area that is considered the third largest retail area in the Commonwealth as measured by gross sales. We support the creation of the BID through this special act rather than utilizing the BID legislation in MGL Ch.40 O. Even after enactment of this bill, implementation of the BID would require approval by the business property owners in the district and we believe that these owners should be given the ability to decide whether to create the BID or not. Approval would limit the BID operation to five years after which a whole new approval process is required to extend it further. Expansion of the BID also would require going through the same business owner approval process. The cooperation agreement between the City of Boston and the BID Corporation will be a critical element in the final approval by the property owners in the district.

The Bureau has been involved with this BID legislation since 1998 when we raised questions about provisions in the initial draft of the proposal. Consequently technical changes that would benefit Boston's taxpayers were made to the home rule petition submitted to the City Council. That plan was not approved due to lack of legislative enactment. A copy of the *Bureau Brief* on the Washington Street BID issued in 1998 is attached. In 2002, the Mayor submitted a second revised home rule petition and the Bureau worked closely with the City Council and the proponents to strengthen and clarify language, improve the public notice of the vote by business owners and provide additional protection to owners in the appeals process. We are satisfied with the language of H.3815 in its current form. We also believe that the changes in language in the current bill prohibiting the BID from performing public law enforcement or policing functions performed by law enforcement authorities in the district should satisfy any prior concerns of other parties.

The Bureau had raised concerns that the City of Boston does not provide services commensurate with the service needs or the taxes generated in the area. In fiscal 2002, the Washington Street district generated approximately \$76 million in property tax revenue, not including taxable residential value. Also, business properties already pay a disproportionate share of the property tax because of the City's application of classification. However, with the Bureau's office located in the heart of the district, we recognize that this area does require a higher level of services than is provided by the City.

The Research Bureau has come to believe that legislation authorizing the creation of the Washington Street BID should be enacted to enable businesses to enhance the area by making it more inviting and by improving the full level of services needed for this district. The BID will provide a predictable and reliable source of funding for additional street maintenance, litter removal, marketing, public information and social services. The BID will provide professional management services to the district that would better position it to compete with the suburban malls and remain an economic engine of Boston. The BID can provide the means for common promotional and marketing campaigns. Also, the area will be better represented in the public policy process.

The BID will not provide municipal services now being delivered by the City of Boston. The bill stipulates that the BID is only authorized to provide services that are "supplemental and additional to, and not in derogation of powers conferred by law..." Indeed, the bill states that the BID improvement plan "shall not result in a reduction by the city of the basic city services or the base level of city services in the district or the public employment levels related to such services." In fact, the Bureau is not comfortable with the limitation on employment levels if that, in any way, would limit the City's ability to provide the same services more effectively by utilizing more creative approaches or utilizing new equipment or technology.

Oversight of the BID has been expanded to include the Massachusetts Department of Housing and Community Development. If the BID is approved by the owners, the BID corporation is required to file copies of the petitions supporting the establishment of the BID with the Director of Housing and Community Development. Also, the BID annual report must be submitted to the Director and to the Boston City Clerk who will file all such reports with the Boston City Council. The governance structure is representative of all involved parties, especially now that the Board has been expanded to include a representative of a commercial condominium.

Success of the BID will depend, in good part, on the creation and implementation of the Cooperation Agreement that defines the service levels that will be provided by the City. How city service delivery will be evaluated should be described in the Agreement.

In conclusion, the Bureau recommends that the Committee on Commerce and Labor approve H.3815 and allow the process to move to the next step of business approval. I would welcome the opportunity to answer any questions you may have at this time.