A step-by-step guide to the Business Improvement Area (BIA) Tax Process

1. **BIA Board of Directors prepares an annual budget**
   - The budget covers the operations of the BIA, programs for members, beautification of the mainstreet, marketing of the area and more.

2. **City Council approves the budget**
   - Each year the BIA presents their budget to City Council for approval.

3. **Individual businesses are assessed**
   - The City assesses the market value of the space each business occupies in the BIA based on factors like square footage and the typical rent for such a space.

4. **Assessments are added together**
   - The individual business assessments are combined to create a total taxable business assessment for the area.

5. **BIA Tax rate is calculated**
   - Annual BIA tax rate is calculated by dividing the budget set by the BIA by the total taxable business assessment for the area.

6. **BIA Tax determined**
   - The BIA tax rate is then applied to individual businesses to determine the total tax each one pays.

7. **BIA tax is collected and transferred**
   - The City collects BIA taxes from all businesses in the BIA and transfers the full amount to the BIA.

8. **BIA gets to work**
   - The BIA delivers services and programs for members using the funds from the BIA tax.

**Example**

- **Molly’s Pizza is located in a BIA**

**Calculating BIA tax rate**

\[
\text{BIA's annual budget} \div \text{Total taxable business area} = \text{BIA tax rate}
\]

\[
\frac{\$200,000}{\$10M} = 2\%
\]

**Calculating Individual business assessment**

- **Molly’s Pizza business operation area**
  - 2500 ft²

\[
\text{Molly’s Pizza rent} = 2500 \text{ ft}^2 \times \$10 \text{ ft}^2 = \$25,000
\]

**Calculating the BIA tax**

\[
\text{Molly’s Pizza business assessment} \times \text{BIA tax rate} = \text{Molly’s Pizza owes}
\]

\[
\$25,000 \times 2\% = \$500
\]

Molly’s Pizza owes $500 in BIA taxes.