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

Edmonton

**1**
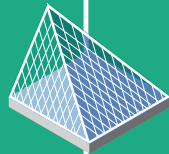
**BIA Board of Directors prepares an annual budget**

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

| BIA's annual budget | | Total taxable business area |
|---|---|---|
| $200,000 | $\div$ | $10M |

=2% BIA tax rate

### Calculating individual business assessment

**Molly's Pizza**

| business operation area: | | net annual rental rate: |
|---|---|---|
| 2500 ft² | $\times$ | $10 ft² |

=$25,000

### Calculating the BIA tax

| Molly's business assessment | | BIA tax rate |
|---|---|---|
| $25,000 | $\times$ | 2% |

=$500

*Molly's Pizza owes $500 in BIA taxes*

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