

Bond Case Briefs

Municipal Finance Law Since 1971

City Defeats Lawyer's Attempt to Stop Use of Business-Improvement District Funds.

The San Diego Superior Court has denied attorney Cory Briggs' motion for an injunction seeking to prohibit the city from spending more than \$1 million raised by 18 San Diego business-improvement districts.

Those funds are used to promote neighborhood events like farmers markets, street fairs and festivals and projects like lighting, planters, banners and promotions. Had Briggs been successful, such events and projects would have been jeopardized throughout the city.

In rejecting Briggs' motion, Judge Ronald S. Prager concluded that Briggs' entity plaintiff "has not shown that it has a reasonable likelihood of prevailing on the merits."

A business-improvement district (BID) is a public/private partnership that performs a variety of services to improve the neighborhood and promote individual business districts. They also carry out economic development services by working to attract, retain and expand businesses.

State law authorizes a city to establish BIDs and levy annual assessments on businesses within the boundaries, but only after proper notice and opportunity to oppose is given to the public. In concluding that Briggs is unlikely to prevail in his lawsuit, Prager found that BID assessments are "not taxes for the general benefit of the city; rather they are assessments imposed on businesses to fund activities which confer a special benefit upon the businesses assessed.

"By enacting the BID Act," Prager said, "the California Legislature determined it was in the public interest to promote the economic revitalization and physical maintenance of business districts in the state's cities to facilitate the creation of jobs, to attract new businesses and to prevent erosion of the business districts throughout the states."

City Attorney Jan Goldsmith hailed the legal decision.

"BIDs are specifically authorized by state law and are very popular in our neighborhoods," said Goldsmith. "Residents of Little Italy are proud of their festivals and special neighborhood touches, for example. This decision allows BIDs to continue enhancing our neighborhoods."