

PUBLIC COMMENT – NEVADA TAX COMMISSION – July 31, 2020

I am a property owner in Reno. While my property is not located in the Downtown Reno Business Improvement District (DRBID), I have several friends who do. Until owning property in Reno, I was unaware of the Business Improvement District (BID) concept, so I did some research.

Using various searches available to the general public, I learned that DRBID was established as a 501(c)(6) in 2017 by DRBID's current President. The City of Reno created a BID area in 2018. Shortly thereafter, the City of Reno entered into an Agreement with DRBID to manage services and funds for the BID area. Prior to signing the Agreement, the City deemed there would be "no financial impact." Consequently, the City avoided soliciting competitive bids for its contract for BID management. Furthermore, the Agreement between DRBID and the City of Reno says that if DRBID's budget has any changes greater than \$50,000, DRBID must get approval of the City Manager – NOT approval from City Council. Additionally, because DRBID is a private, nonprofit, it need not comply with Open Meeting Laws.

As you most likely know, a BID generates an assessment against property owners in the BID area to pay for SPECIAL BENEFITS bestowed on those properties. Special benefits are services not ordinarily provided by the City. Since those outside the BID area do not receive the special benefits, they are not assessed and the City's general funds may not be used to pay for the BID's special benefits. In other words, it is important that a BID be self-supporting.

In the case of DRBID, the City of Reno agreed to give DRBID \$875,000 out of general funds for the first three years. In May 2020, DRBID announced in its board meeting that the City of Reno promised an additional \$190,000. Another example: All taxpayers (inside and outside the BID area) support RSCVA, and RSCVA donated \$100,000 to DRBID in the current fiscal year and has pledged at least \$50,000 for the next fiscal year.

I.R.S. requires 501(c)(6) nonprofit organizations to file Form 990, 990-EZ or 990-N annually. A search on the I.R.S. Tax Exempt Organization website as well as at <https://projects.propublica.org/nonprofits> reveal "no data" indicating DRBID has failed to file Form 990 annually.

Additional research explains that I.R.S. criteria for 501(c)(6) organizations mandates that it be a MEMBERSHIP organization with a meaningful extent of membership support; i.e., DUES. DRBID's Second Amended Bylaws may be read at DowntownReno.org and clearly state that there are NO MEMBERS. Without members, there can be no dues. In other words, DRBID's membership support is not "meaningful" because member support is nonexistent.

Another criteria for 501(c)(6) organizations is that the members have a COMMON BUSINESS INTEREST. It is difficult to see a common business interest among the varied properties in Reno's BID area: churches, residences, casinos, city and county buildings, nonprofits, etc.

Since DRBID has no members, no dues, no obvious common business interest among its members, and has failed to file an annual Form 990, DRBID does not qualify to be a 501(c)(6) nonprofit organization. Of significant importance to me as a property taxpayer outside the BID area, I am concerned that general funds are being used to support DRBID. Because of the procedure used by the City of Reno in contracting with DRBID and because of DRBID's false claim to be a 501(c)(6) nonprofit organization, there is no oversight or scrutiny regarding general funds going to DRBID. ALL taxpayers are subsidizing DRBID; hence, I pray that Nevada Tax Commission will address this serious violation of no transparency and of no accountability on DRBID or the City of Reno regarding general funds going to DRBID.

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