

WARNING!

BIA'S

ARE

HAZARDOUS

TO YOUR

ECONOMIC

HEALTH

&

INDEPENDENCE

FIND OUT WHY...

What is a Business Improvement Area (BIA)?

The city and Ontario governments promote BIAs as a "self-help mechanism" to "upgrade and promote" your business district.

BIAs are, in reality, a fourth level of government ---except that with a BIA you have even *less* input than with the other levels of government.

Even when businesspeople opposed to their BIA have been 'elected' to the BIA executive in order to reduce the budget and disband the BIA, a City Council can (and has, in the municipality of North York) dissolve the entire executive, despite their popular support, and appoint an executive *Board of Management* sympathetic to the City Council's objectives.

Once a BIA is legally established, it is *next to impossible* to get rid of it: no legal or judicial methods of escaping its clutches are available. As the law now stands, once you've been conscripted into a BIA, you're stuck with it for the rest of your business life in your current location.

Who Benefits?

While it is desirable to see street furniture like planters, benches, fancy lights, etc., it is, after all, on government owned land. You already pay business taxes, property taxes, business licences, vendors permits, and you collect Ontario sales tax, possibly federal sales tax, plus additional fees to government for various 'services'. Do you really want to pay yet another permanent tax to 'improve' government owned land? Shouldn't they already be doing this with the dozens of different taxes you pay now?

You may have heard the claim that a BIA can promote *your* business.

If you want to have someone promote your business, make your choice from one of the many ad agencies, and you will receive a written contract outlining a promotional program made to your requirements and with your personal approval. Let's face it, if a total stranger came into your store and insisted you hand over \$50, \$100, \$200 or whatever amount and assured you he would promote your business, would you hand over your money based merely on that say so? Wouldn't you want to know if they have any credentials that justify this request? More importantly, would you be in control of this so-called promotion of your business?

Is a BIA any different from this "stranger"? (Perhaps the significant difference, although the only one, is that the BIA keeps coming back year after year with bigger and bigger tax demands. A total stranger could only fleece you once). A contract with an ad agency will always expire and can be renewed on your terms, but can you cancel your BIA taxes? *No, you can't!*

The claim "it costs less to advertise as a group" is a recurring comment from BIA organizers. You *may* pay less to advertise the *Business Improvement Area* than you would for your own business, but you may receive no direct benefit by advertising what is basically a geographic area. How will you know if a BIA promotion works or not? Unless the promotion promised to you by the BIA (and will they put it in writing like any legitimate ad agency?) specifically promotes your store, its products, and its unique difference from all other stores like it (including your competition within the BIA), there's no proof that you will ever benefit from the BIA's collective advertising.

Will a dentist benefit as much from advertising as a tavern? How could you even know? If you pay five times more in BIA taxes, will you receive five times the benefit? Will the BIA guarantee that? *Why not?*

Who Pays?

Every business who's forced to 'join'. Businesses who have no connection with retail sales (ie. doctors, dentists, accountants, lawyers, factories, wholesalers, banks, offices, funeral homes, etc.) still must pay the BIA tax once they are conscripted.

BIA organizers soft-sell the actual taxes you are required to pay when they are proposing a BIA, and deliberately low estimates are presented to the affected businesspeople during the initial stages of BIA formation. Once a BIA is established (after the 60 day opposition petition period has passed), you get a hard lesson in the meaning of the words *tax increase* --- and there is nothing you can do about it.

How Much?

Hold onto your seats. The examples we'll cite in the following paragraphs are *typical* examples of BIA spending. There are dozens more Ontario business communities where they too have seen scandalously high BIA tax increases.

In 1980, downtown London's BIA had a budget of \$100,000, for the 900 businesses affected, the tax started out at \$110 for that year. In 1986, the budget had increased to \$375,000 or \$350 per business, a 22% *annual increase*, while regular business taxes went up 6% a year.

In 1986, the downtown Burlington BIA wanted to raise BIA taxes there by 48% for that year alone (it had gone up considerably in the years prior), but after businesses protested severely, it was modified to be 48% 'over three years', still *four times* the rate of inflation!

In downtown Oakville, the BIA was formed in 1978 with a \$10,000 budget, a mere \$35 average for each of the 285 businesses. By 1986, only eight years later, the budget was up to \$176,274, a whopping **increase of 43% each and every year**, and an average BIA tax bill for 1986 of \$617 per business. *Oh, how that mere \$35 introductory 'price' exploded!*

It should be noted that these three BIAs all have paid staff, fancy offices, so much so that in 1986, the downtown London BIA spent over \$100,000 on *administration* (27% of its 1986 budget!) *plus* an additional \$10,500 to 'renovate the office'.

And this is just **one year!**

(It should be noted that London City Hall spends 6% of its budget on administration and overhead).

Why, then, a BIA?

Some BIA organizers point out that with everyone forced to belong, it is cheaper to pay to a BIA than to belong to a voluntary business or merchants' association. This is true, in a few cases, because banks, grocery stores, gas stations and non-retail businesses who do their own advertising and need not join a merchants' association are now *forced* into paying these BIA taxes, temporarily creating an advantage for some small retailers who may now 'benefit' with other peoples' money. But considering the average BIA administration costs are 25% to 30% of a BIA budget (compared to 2% to 5% in a voluntary association), this 'benefit' arrived by the extortion of one's larger neighbours, is negated by the cost of bureaucracy.

There comes a time to face up to what the BIA tax really is. It is **pure coercion!** '*Since you haven't joined our voluntary association on your own, fine, we'll force you to*' is the sentiment behind any BIA drive.

Is this the kind of attitude that businesspeople in a supposedly free country must bend to? Are businesspeople willing to throw away their freedom of choice for the illusory benefit of saving a few bucks (by making the other guy pay against his will)? It must be admitted that a forced association like BIAs operate on the purely *Marxist* theory that an individual's freedom of choice must be sacrificed for the 'good of the group', and his identity submerged "into a single identity" as the executive director of a BIA in London East was blunt enough to say in the BIA promotion!

Under a voluntary association, executive members must approach businesses one-on-one to convince them that the association is a good thing, in that businesses *individual interest*, offering value for value, and gaining their co-operation through an exchange of ideas and *mutually agreed interests*. Certainly, in a voluntary association, much work and frustration falls on the executive who must work hard to keep members and gain new ones, but this is not a justifiable reason to impose their priorities on everyone else by turning their voluntary association into a forced one; a BIA. Life under a BIA is immensely easier for executive directors, they now hire people to do their work; it is all the businesses forced to join who've lost their freedom of choice, freedom of association and eventually, several thousands of dollars. For the comfort of a few the rights of all have been obliterated.

In a BIA, the appointed executive (Board of Management) operates like a dictatorship, requiring input from no one, knowing that it will get your money regardless of what you think. BIA communication becomes superficial and insincere, since your consent is no longer required or important. Unlike a democracy, there is no 'opposition' on the Board of Management to alert businesses to waste and scandal. City Councils simply won't appoint 'disruptive members' to the Board of Management. When someone does get tired of the corruption, waste, and callousness of a BIA Board of Management, they usually resign in disgust, so that all 'watchdog' elements on the BIA Board tend to disappear, if they ever get on in the first place.

In the few cases where 'elections' are permitted for Board of Management, the word election is used very loosely. In London, where outright fraud and ballot stuffing have been reported in the daily press, some businesses would place over 20 votes (a parking lot chain) while others placed 2 or 3 or 8 votes. Most members were never even aware of a

'vote', since the only notice given is usually a small ad in the daily paper or the BIA house paper. You can be sure, of course, that the existing BIA Board all know and get their pro-BIA cronies to vote in a slate of 'acceptable' candidates.

Even after an 'election', City Council can still veto anyone they feel is unfriendly to the BIA concept.

Aside from the obvious costs we've already mentioned, your independence as a small business is jeopardized by being forced into a BIA, which operates, at best (a rare occurrence), more like a mall where decisions are made on your behalf (but you pay the cost), or at worst, like a dictatorship, where ineffectual promotions, schemes, and bureaucracy soak up time and money you are entitled to and could use more effectively, while the BIA usurps the credibility of your business.

BIAs get involved in political issues you may strongly disagree with, but nevertheless they claim that they are acting on your behalf.

Listen to what Bloor-Yorkville BIA Executive Director Heinz Buchbinder says about influence peddling and political action in the December 1986 issue of the *Metro Toronto Business Journal*: "We are not limited to improving our streetscape,...we also do government lobbying." Buchbinder says that the BIA lobbies at all three levels of government and that the BIA surveys its members on such issues as Sunday Opening so that it can represent a *unified viewpoint*. "I represent more than 3,000 merchants", says Buchbinder, "That obviously adds -well, maybe clout is not such a bad word to use in this instance- to every little voice there is."

Provided, of course, that "every little voice" agrees with the majority. If you are in disagreement with the BIA's political policies you will find yourself financing a position that you would never have, freely, supported.

With your BIA taxes they can (and have) bought newspaper ads to attack opposition to the BIA, put out newspapers extolling the value of BIAs, opposed or supported Sunday Openings, opposed or supported turning main streets into 'pedestrian-only' malls, opposed or supported mall or business expansions in other business districts.

Although City Councils are, in theory, overseeing BIAs, they routinely rubber-stamp the most outrageous budgets and programs, while the BIA routinely deviates from its budget in any way that seems appropriate at the time. *Remember, that's how your City Council works!*

If a BIA is being considered for your area...

BIAs CAN BE STOPPED MOST EFFECTIVELY IN THE INITIAL STAGES OF FORMATION!

You will receive a notice in the mail, full of legalese, hardly intelligible, which will announce your area is being designated as a *Business Improvement Area*. The letter will state your first year's BIA taxes, a deceitful low-ball figure that reflects in no way the inevitable increases that follow the first year. *You now have 60 days to collect the signatures of 33% of all affected businesses in order to prevent the set up of a BIA.*

Under current legislation, all the work falls on the businesspeople opposed to the BIA, whereas those few in favour need not prove that anyone supports the BIA concept.

Remember, if you do nothing, and the 33% opposition is not documented, a BIA is automatically formed, then City Council appoints the executive. Taxes start and then... it is next to impossible to stop the BIA.

IF YOU ARE ALREADY FORCED INTO A BIA...

There is still much you can do if you oppose the BIA concept and wish to work towards its elimination.

We have a province-wide anti-BIA newsletter called **BIA-ALERT!** which goes out to all individual businesses and business groups opposed to BIAs. This newsletter shares facts, comments, information and techniques on how various areas are fighting their BIAs. A sample copy is available on request. We also provide printed cards addressed to the Ontario government asking for more freedom of choice in the BIA legislation. Colourful 'No-BIA' buttons are also available for rallies, meetings, etc. Please use the accompanying form to contact us.

What is FREEDOM PARTY?

Freedom Party is an officially registered (and tax-creditable) Ontario political party that is dedicated to free enterprise and freedom of choice. Provincial headquarters are in London where a full-time, knowledgeable staff is available to help you maintain or regain *your* freedom of choice. **Freedom Party** believes that the *purpose of government* is to *protect* your freedom of choice, *not* to restrict it.

Our 'NO-BIA' campaign co-ordinator is London businessman and **Freedom Party** Action Director Marc Emery, who has, in the last six years, fought BIAs in his city and helped thousands of businesspeople in Ontario fight theirs.

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If you value
free enterprise and
freedom of choice
then find out about

**Freedom Party
of Ontario**



Freedom Party

*...after all,
freedom of choice
is what we're all about!*