

One of the most frequently asked questions is “What is the difference between a business district or merchant type association and a Business Improvement District?” A Business-Merchant Association is an organization of members who serve as stewards for a given area. A Business Improvement District provides a steady and consistent revenue stream that pays for the management and maintenance of an area’s public spaces and amenities.

- **A Commercial, Business or Merchant Association** is a corporation whose purpose is to provide stewardship and promotion for a designated area through programs and events. Membership is voluntary and open to a variety of stakeholders. The association incorporates in the State of Oklahoma as a not for profit corporation, builds a board of directors, adopts bylaws, and then applies to the IRS for a 501(c)4 or 501(c)6 designation. If the stakeholders in a district decide to pursue a Business Improvement District (BID), the business association will typically lead the effort to establish the BID and take on management of BID services.
 - **Pros:** Voluntary participation and dues are less pressure when launching a new effort. People need time to learn, work and invest together as members. The expectations for value and progress in a non-BID district are more fluid in the beginning. Membership is open to businesses, property owners, and interested persons. Local stakeholders develop a unified voice to access resources and make a difference.
 - **Cons:** Eventually results in a “free-rider” syndrome because contributions are voluntary. Revenue from sponsors and members may fluctuate and affect the ability to deliver consistent levels of management and maintenance. The association’s leadership and activities often exclude valuable stakeholders who are not dues paying members of the association.
- **A Business Improvement District (BID)** is a designated area in which the property owners are required to pay for their share of services on an annual basis. The public process to establish a BID requires evidence of support from a strong majority of property owners. Once a BID is formed, property owner participation is not voluntary and non-payment will result in a property lien. The City Council annually holds a series of hearings on a BID’s boundaries, service plan and budget.
 - **Pros:** Mandatory financial participation results in a consistent revenue stream and transparency for all property owners and the public. No “free-riders.” An annual public hearing on each BID ensures property owners have an opportunity to express dissatisfaction or support for the services in the area. Because the BID is a creation of the public process, City staff is committed to assist BID stakeholders and management associations. Local management of the area’s public spaces ensures a consistent visitor experience. The BID investment in the area can leverage funds and resources that might not have been available to a voluntary merchant association.
 - **Cons:** There is no membership for the BID; the property owners, not the tenants, nor the businesses, are responsible to pay for the costs. Not all property owners will support the notion of a BID or its costs. Some of them will refuse to pay and the lack of revenue can affect the service delivery. New property owners are often surprised with their first invoice and need to be educated on the history and value proposition of the BID. The expectations for service and progress are more explicit in a BID and the standards are more stringent. The BID association staff is responsible for developing productive relations and communications with property owners as well as district businesses, stakeholders, and City staff.