



City of Kalispell

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PROPOSED RETAIL TRANSACTION FEE INFORMATION SHEET May 12, 2011

What:

Currently all Kalispell street maintenance costs are paid by owners of property within the City. All other users who benefit from use of the Kalispell streets do not currently pay into the system. The proposed change in assessments for street maintenance aims to redistribute the cost burden to more equitably have all users of the infrastructure pay their fair share. The proposed method would introduce fees for retail transactions and is designed to reduce the burden on the property owners. A transaction fee is a small fixed fee for every transaction conducted regardless of the transaction size.

Where:

The current street maintenance district is defined by the corporate limits of the City of Kalispell. This district would remain the same.

Who:

Almost all property owners will see a decrease in their street maintenance assessment. Anyone conducting a retail transaction in the City would pay a small transaction fee.

When:

The proposal to redesign our street maintenance funding program is proposed to initiate the transaction fees on January 1, 2012. The change to the street maintenance assessment on the property tax bills is proposed to take effect with the tax bills beginning in the fall of 2012.

Why:

The street maintenance fund is responsible for maintaining local street infrastructure, sidewalks, leaf collection, snow removal operations and capital needs of Kalispell's public ways. The current method of funding requires assessments to be placed on property owners tax bills for these costs. As a commerce center and tourist destination point, Kalispell's public infrastructure supports close to 80,000 to 100,000 people per day yet the entire funding burden is assumed by the 9,654 property owners in the city. The proposed method of including transactions in the assessment process will provide a more equitable funding solution and lift some of the burden off the property owners while at the same time providing an increased revenue stream to more adequately address Kalispell's street infrastructure and capital needs.

To analyze how your street maintenance assessment may be modified with the proposed assessment/transaction redistribution, follow these simple steps:

1. Refer to your property tax bill and identify what your present street maintenance assessment is. This information can also be accessed through the internet at <http://flathead.mt.gov/lipublic/> under the "TAX BILL" tab with the heading "KAL SPEC MAINT DIST1".
2. Use the following formula to determine the proposed assessment:
 - a. For a single family dwelling unit, the base fee will be \$50.00 per unit.
 - b. For non-residential properties, the base assessment fee will be a multiple of the single family dwelling unit based on square footage. The average square feet for a residential dwelling unit is approximately 1,000 square feet. Therefore, using your square footage, simply divide it by this average to get the equivalent residential units (eru's) and multiply by the base fee of \$50.00.
3. Retail establishments will be responsible for collection of a \$.09 transaction fee on all transactions.

Example Calculations:

1. Single family residential property
Base fee = \$50.00
2. Apartment building (6 units)
Base fee = \$50.00 x 6 = \$300.00
3. Professional office with a building area of 10,000 square feet
Base fee = 10,000 sq. ft. / 1,000 sq. ft. = 10 x \$50 = \$500.00
4. Retail Store with a building area of 60,000 square feet
Base fee = 60,000 sq. ft. / 1,000 sq. ft. = 60 x \$50 = \$3,000
Transaction fee = \$.09 x ___# of transactions = \$___