

## What is a franchise fee?

Minnesota Statute 216.36 allows for a city to charge a franchise fee to a utility company for the use of their public rights-of-way for utility lines, transmission, etc. In turn, the utility companies have the right to pass along the franchise fees to their customers, which is noted on monthly utility bills as a “City fee.”

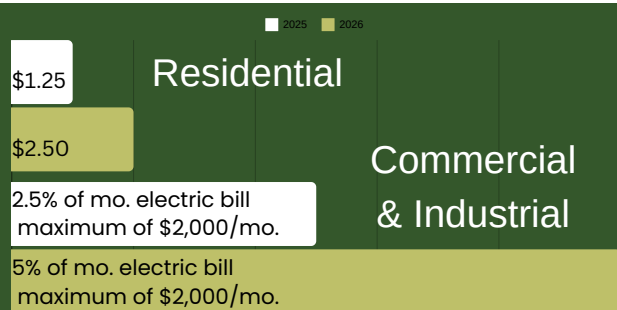


## Who pays the franchise fee?

The City of Grand Rapids is proposing that the utility franchise fee apply to all customers, including nonprofits, schools, and government buildings. This also includes apartments and town homes.

## What will the money be used for?

The proposed utility fee will be used for the maintenance of city streets (mills, overlays, full-depth reclamation, and reconstruction). The franchise fee would replace the need to levy for city road projects in the future.



## How much will I be charged?

The City of Grand Rapids is proposing fees start at 2.5% in 2025 and then increase to 5% in 2026. The city then plans to evaluate and make recommendations to the City Council.



## Public Input Sessions

- Tuesday November 19th 9:30 am (City Hall, Council Chambers)
- Tuesday November 19th 5:00 pm (City Hall, Council Chambers)
- Tuesday November 26th 11:30 am (Virtual)

# City of Grand Rapids Proposed Franchise Fees for Road Projects

## What cities have franchise fees?

According to the League of Minnesota Cities, approximately half of all Minnesota cities collect a franchise fee. The fees charged vary by city and are collected from one or more utilities such as gas, electric, telephone, cable, etc.



## Is this a new tax?

A utility franchise fee is a different revenue source for the city. It enables the city to diversify its revenue stream and provide a stable funding source for street projects. The intent of the utility franchise fee is to replace the need to levy for street projects.

## What are the benefits?

- The franchise fee is distributed to all users and not just property taxpayers and property owners.
- Smaller monthly fees vs. large tax statements.
- Stabilizes funding for street projects, and allows for better long-term planning.



## When will the city vote on the fee structure?

The City of Grand Rapids has delayed their vote on the fee structure until December 2, 2024. Between now and then the City of GR and the Grand Rapids Area Chamber of Commerce will do information sessions to help inform businesses and community members of the change.

For more information go to the [City of GR website](#), or to get an estimate on the cost to you and/or your business contact Matt Wegwerth at [mwegwerth@grandrapidsmn.gov](mailto:mwegwerth@grandrapidsmn.gov)