

Minnesota

FRANCHISE FEES



**BOLTON
& MENK**

Real People. Real Solutions.

Other Civil/Municipal Services

- Infrastructure Planning & Development
- Water Resources
- Transportation
- Aviation
- Municipal Planning
- Value Engineering
- Sustainability
- Public Involvement
- Funding Expertise

Franchise fees are easy to implement and can help cover street improvement costs. These fees are charges imposed by a city on utility and cable providers who operate in the public right-of-way. An agreement with the city allows them to work in the right-of-way upon payment of established fees.

How it Works

Franchise fees are easy to implement. First, you should analyze the revenue impacts on local properties. Then, two ordinances for both gas and electric must be passed; a franchise fee agreement and a fee ordinance. Plan for a 90-day filing period with the Minnesota Public Utilities Commission.

Implementing franchise fees offers communities a solution for city infrastructure needs that benefit everyone.

Benefits

- Fund municipal improvement projects within the public right-of-way without relying on state funding, city bonding, or the need to impose assessments
- Provide a continuous source of revenue for infrastructure projects in the public right-of-way
- Collect funding from all property owners, including tax exempt organizations

Recent Success

More than 100 cities in Minnesota use franchise fees, each of which has tailored Statute 216B.36 to complement the unique nature of their residents and funding needs. Normal implementation of the Statute is done by enacting ordinances pertaining to the franchise fee, while other municipalities may have specific agreements with gas and electric companies.

A typical fee for a residential customer with both an electric and gas charge totals less than \$100 per year.

Additional Monthly Charge		
Customer Type	Electric Bill	Gas Bill
Residential	\$3	\$4
Small Commercial	\$9	\$12
Large Commercial	\$18	\$24



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