

Return of the resort tax



This stretch of 11th Street in Polson is likely to make your vehicle's CD player skip, at the very least. (Scot Heisel/Lake County Leader)

A broad section of the top layer of is missing from Second Street near its intersection with Third Avenue. (Scot Heisel/Lake County Leader)

By

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|

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In terms of generally poor quality, public safety risk and lack of sidewalks, which Polson street do you think is the worst? That question was posted on the Leader's Facebook page last week, and streets that were most commonly named included Fourth Avenue East, Third Avenue East and 11th Street. However, by far the most common response went something like: "LOL. All of them."

Members of the Polson City Commission agree that the city's streets are a major problem. In fact, the city's most recent long-term strategic plan, adopted in 2018, lists street improvement projects as a top priority.

"The No. 1 complaint I have heard from Polson citizens since becoming mayor is the overall poor condition of many of our city streets," Mayor Paul Briney said this week. "To find out how bad our streets are you simply need to spend 15 to 20 minutes driving around town."

While the diagnosis is obvious, the cure is anything but.

The city's general fund simply can't cover the costs of rebuilding the city's streets.

"Our general fund only has \$400,000 in that budget, and it costs \$335,000 to construct one city block," Ward 3 Commissioner Brodie Moll said Monday.

In their search for a funding solution, city staff identified three top options: a street maintenance levy, a special improvement district or a resort tax. Commissioners opted for the resort tax option, voting unanimously in September to set a special election on the matter to let Polson's voters decide. The election is scheduled for Feb. 2, and the county elections office mailed out ballots this week.

A street maintenance levy would create a tax paid only by city nonexempt property owners. A residential property with a taxable market value of \$200,000 would pay \$155.28 annually, according to city documents.

A special improvement district would have to be approved by the property owners in the district and paid for by those property owners. In essence, neighborhoods would have to band together and agree to pay to fix their streets, at an estimated cost of \$335,000 per block. According to the city: "If there is an average of 10 properties on a block each property would be responsible for \$33,500 plus interest to repay the SID. At an interest rate of 4% over 20 years the SID assessment would be \$2,449 per year."

The only option the city considered that requires people other than property owners to contribute to street projects is the resort tax — an option that has been resoundly rejected by Polson's voters in the past. The current proposal seeks a 3% resort tax on a specific set of goods and services for 20 years. The city has prepared a list of suggested luxury items and excluded items, which is available at

tinyurl.com/yyoqmm1g

Among those voting against it in the past was Mayor Briney, who says he's come to see the resort tax as the city's best option.

"There was an earlier attempt to pass the resort tax in Polson but it failed by a large margin. I was one who voted against it because revenue from the tax at that time would have been placed in the general fund, and I felt there would be no clear direction as to where those additional funds would be spent. Working with the Economic Development Council it was decided to use the resort tax revenue, if passed, specifically for street repair."

The EDC recommended the current version of the tax, with most of the revenue — 80 percent — going toward city street maintenance and improvements, while 17 percent would be returned to city residents through a property tax rebate. The remaining 3 percent would cover administrative fees associated with the tax.

The property tax rebate is required by law. According to the city, a residential property with a taxable market value of \$200,000 would have a rebate of \$33.

Briney said it wasn't a difficult choice once he had done the research and looked at other communities that had approved a resort tax.

"There are not many options when it comes to funding for street repair other than taxing the individual property owners and we saw the resort tax as a way of sharing some of the burden with those who use the infrastructure but don't pay city taxes."

When it came time for commissioners to vote to place the resort tax question to the voters once again, no members spoke against it.

"I'm not one that's typically for a tax," Ward 2 Commissioner Tony Isbell said prior to the Sept. 9 vote. "With all the options that we have to improve the streets ... I am in support of this one."

"Somebody's going to fall into a hole on one of our streets," leading to a lawsuit, Ward 1 Commissioner Jan Howlett said. "I don't want that to happen. I don't want to see that. Polson needs sidewalks and good streets."

"It's a way for everyone to help," Ward 1 Commissioner Lou Marchello said. "I think it's a very fair and equitable tax."

The city estimates a resort tax would bring in about \$700,000 each year. If approved, it would go into effect July 1.

As part of its effort to inform voters, the city created a section of its website,

cityofpolson.com

, to resort tax information. It can be accessed through the Resort Tax Initiative tab on the home page, and it includes an FAQ section as well as additional details on the election and links to online presentations.

City Manager Ed Meece and other members of the city's staff also have been leading public informational forums since early November. Those have included presentations to service groups and business organizations as well as events held for the general public. The final public forum is scheduled for 7 p.m. Tuesday. All public forums have been held remotely via Zoom due to COVID-19 pandemic precautions. Links to join Tuesday's forum and an accompanying pdf presentation are available on the city's website.



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