

## Kalispell Business Development Incentives

The City of Kalispell has created the following incentive guidelines for business seeking incentive assistance. The focus of city policymakers is directed towards those value-added businesses creating new jobs that pay at or above the County average wage, and creating additional capital investment. The 2006 County average wage is \$30,004 or \$14.43/hr.

The local incentives include the following:

- Infrastructure development and site improvement assistance is available in tax increment financing district areas
- With the participation of the Montana Board of Investments or utilizing tax exempt industrial revenue bonds for manufacturers the City may provide assistance with bricks and mortar and equipment purchase
- Property tax abatement for the restoration or rehabilitation of historic buildings
- A revolving loan fund to assist small business with gap financing

Local partners with additional business resources include the Kalispell Chamber of Commerce and the Montana West Economic Development Corporation

### Primary Guidelines

1. Creation of net new jobs with wage thresholds- For new business any job that is new to Kalispell is a net new job. For expanding business net new job refers to any job created over and above the employee base, which is determined by averaging the preceding year's annual employment. A business must create 10 net new full-time positions to be eligible for infrastructure and site incentive assistance.
2. In Kalispell the average county wage is \$30,004 (2006). It should be noted that average wage can include total compensation of salary, bonus and incentive pay, excluding fringe benefits and owner's compensation. However, a business must provide health benefits to its employees to be eligible for incentive assistance.
3. Capital investment is considered into the decision to provide incentives to a business. The higher the capital investment the more potential tax base exists for local government and a higher likelihood the business will have longer term presence in the community.
4. Corporate headquarters typically draw a larger annual payroll and import a majority of their revenues. A corporate headquarter firm must create 10 net new positions to be eligible for incentive assistance.
5. Emphasis is placed on businesses who sell a higher percentage of their products or services outside of the local trade area. The target is for the business to have 50% of revenues come from outside of the State of Montana. One of the primary goals of economic development is to import more dollars into the local economy than what is exported.

6. Financial risk-the city seeks businesses that are strong financially and has financing in place to fund the expansion.

The amount of the incentives awarded correlate with the economic impact the project has on the local community.

#### One Stop Assistance

The City of Kalispell will work closely with representatives of a business organization as the business explores expansion opportunities in Kalispell. The City may establish a preliminary plan review committee consisting of representatives from utility service providers, planning, public works, fire marshal, and others as needed to review project plans. City representatives will work throughout the entire project with the business to ensure the project moves forward in order to meet expected completion dates.

#### Ineligible business operations

Businesses that do not qualify are retail, bank, S&L, or lending institutions, local commercial insurance sales, utilities, trucking firms, restaurants or any commercial enterprise deriving its revenues directly from non-commercial customers in exchange for personal services such as, but not limited to, barber shops, photo studios and funeral services. An exception is those businesses eligible for the historic building rehabilitation property tax abatement and the revolving loan fund gap financing.