

# Assembly Hearing Slip

(Please print plainly)

AB 136

Date:

3/28/01

Bill No.

AB-136

Or Subject Utility Decem,

Name

KENYON C. KRES

Street Address or Route Number

10 EAST DOTY ST.

City and Zip Code

MADISON, WI 53703

Representing

WISCONSIN PUBLIC SERVICES CORP

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

Please promptly return this slip to the messenger at the committee.

Provided by:  
Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date:

3/28/01

Bill No.

AB 136

Or Subject

Name

JOHN W. WEADE

Street Address or Route Number

City and Zip Code

Representing

9229 Assembly Dr

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

Please promptly return this slip to the messenger at the committee.

Provided by:  
Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date:

Bill No.

AB 136

Or Subject

Utility Revenue

Name

Rep. Dan Hoan

Street Address or Route Number

City and Zip Code

Representing

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

Please promptly return this slip to the messenger at the committee.

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Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date: 3/28/01

Bill No. AB 136

Or  
Subject \_\_\_\_\_

Name MICHAEL R. VAUGHAN

Street Address or Route Number P.O. BOX 2038

City and Zip Code MADISON, WI 53701

Representing WISCONSIN COUNTIES UTILITIES TAX ASSOCIATION

Speaking in favor:	<input checked="" type="checkbox"/>
Speaking against:	<input type="checkbox"/>
Registering in favor:	<input type="checkbox"/>
Registering against:	<input type="checkbox"/>
Speaking for information only:	<input type="checkbox"/>
Neither for nor against:	<input type="checkbox"/>

Please promptly return this slip to the messenger at the committee.

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Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date: 3-28-01

Bill No. AB136

Or  
Subject \_\_\_\_\_

Name ED HUCK

Street Address or Route Number 1425 N. Sibley

City and Zip Code MADISON, WI

Representing WT Alliance of Police

Speaking in favor:	<input type="checkbox"/>
Speaking against:	<input checked="" type="checkbox"/>
Registering in favor:	<input type="checkbox"/>
Registering against:	<input type="checkbox"/>
Speaking for information only:	<input type="checkbox"/>
Neither for nor against:	<input type="checkbox"/>

Please promptly return this slip to the messenger at the committee.

Provided by:  
Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date: 3-28

Bill No. AB 136

Or  
Subject \_\_\_\_\_

Name Tom Durak - DOR

Street Address or Route Number \_\_\_\_\_

City and Zip Code \_\_\_\_\_

Representing \_\_\_\_\_

Speaking in favor:	<input type="checkbox"/>
Speaking against:	<input type="checkbox"/>
Registering in favor:	<input type="checkbox"/>
Registering against:	<input type="checkbox"/>
Speaking for information only:	<input checked="" type="checkbox"/>
Neither for nor against:	<input type="checkbox"/>

Please promptly return this slip to the messenger at the committee.

Provided by:  
Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date:

~~March 28, 2009~~ March 28,

Bill No.

AB 136

Or

Subject

Name

Allison Kyjawa

Street Address or Route Number

100 River Place, Suite 101

City and Zip Code

Monona, WI 53716

Representing

Wisconsin Counties Assoc.

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

**Please promptly return this slip to the messenger at the committee.**

Provided by:

Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date:

3-28-01

Bill No.

AB 136

Or

Subject

Name

Bill Skewes

Street Address or Route Number

44 E WILKIN STE 202

City and Zip Code

Madison WI 53703

Representing

Wis. Utilities Assn

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

**Please promptly return this slip to the messenger at the committee.**

Provided by:

Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

Ways & Means Committee  
Preliminary Report on Referred Legislation  
February 20, 2001

Bill: **AB 136**  
Author: **Hahn**  
Date Referred: **02-19-2001**  
Public Hearing: **N/A**  
Executive Session: **N/A**

Relating Clause: **shared revenue payments for former utility property.**

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**Comments from Department of Revenue-**

DOR has not taken a position on this bill in the past.

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**Comments from the Author-**

Author's reasoning for introducing legislation:  
**Redraft of 1999 AB 119.**

Author's intent:

**The purpose of the legislation is to ease the effect felt by municipalities when utility property is decommissioned and added to the property tax roll, which causes the municipalities to lose the shared revenue payments that they received from the state. The new assessed value of the utility property is substantially lower than the shared revenue payments they would have received.**

Does the Author want the legislation moved forward?

Yes      No

If no, do we have this in writing?

Yes      No

Is the legislation in its final form?

Yes      No

If major changes are required, the author shall prepare and introduce the necessary amendments.

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**Comments from potentially affected parties-**

Alliance of Cities has opposed this legislation in the past, I believe because it redistributes shared revenue in a manner they see as unjust. ->

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*The shared revenue payment is maintained, at the expense of shared rev payments to other munis. Utility shared rev payments are first draw, leaving fewer dollars for the next draw down the line.*



# **Assembly Republican Majority**

## **Bill Summary**

### **AB 136: Shared revenue payments for former utility property**

Relating to: Shared revenue payments for former utility property.

By Representatives Hahn, F. Lasee, Gronemus, Hoven, Huebsch, Schooff, Wade, Kestell, Leibham, Ott, Sykora, Johnsrud, Seratti, Montgomery, Skindrud, Owens, Huber and Plouff; cosponsored by Senators M. Meyer, Wirsch, Breske, A. Lasee, Baumgart, Schultz and Moen..

**Date:** November 8<sup>th</sup>, 2001

### **BACKGROUND**

Under current law, counties and municipalities cannot levy property taxes on property occupied by utility plants. To offset this loss of local revenue, the state compensates the localities by levying a special tax on the utility property, which is then distributed to the localities under a formula calculated in the statutes, the shared utility tax payment. In the event that a utility plant is decommissioned, the shared utility tax payment from the state ends and the utility property returns to the property tax roll.

### **SUMMARY OF AB 136**

AB 136 is designed for the event in which a utility plant is decommissioned and the shared utility tax payments from the state cease. In such a situation, localities would be faced with an abrupt and large reduction in revenue. Although the utility property would be on the tax roll, the revenue generated by the property tax is greatly reduced due to the inherent low value of property containing a decommissioned utility plant.

Under AB 136, the drastic effects of this abrupt loss of revenue to the localities would be moderated by the state providing a five-year, scaled phase-out of the utility payments. Each year the payments would be reduced by 20% of the original total to help the localities adjust to the reduction of lost revenue. Any payment under this five-year phase-out would be reduced by property tax collected on the decommissioned property.

### **AMENDMENTS**

There were no amendments.

### **FISCAL EFFECT**

According the fiscal estimate prepared by the Department of Revenue, the bill first affects shared revenue payments in 2003. Further, "any increase in shared revenue utility payments engendered by this bill would be funded by an equal decrease in funding for shared revenue aidable revenue payments." This would result in a small decrease in shared revenue payments to many localities.

### **PROS**

1. Would allow counties and municipalities some time to adjust to an abrupt and permanent reduction in revenue.

## **CONS**

1. The money used to phase out the shared revenue utility payments would come from the aidable shared revenue payments. The net effect of this shift in shared revenue is that many localities, other than the locality where the former utility property was located, would experience a reduction in shared revenue as it is shifted to the locality with the former utility property.

## **SUPPORTERS**

Rep. Gene Hahn, author; Sen. Mark Meyer, lead co-sponsor; WI Counties Utility Tax Association; Rep. Joan Wade; WI Counties Association; WI Public Service Corporation; WI Utilities Association.

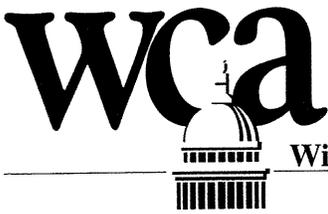
## **OPPOSITION**

WI Alliance of Cities.

## **HISTORY**

Assembly Bill 136 was introduced on February 19<sup>th</sup>, 2001, and referred to the Assembly Committee on Ways & Means. A public hearing was held on March 28<sup>th</sup>, 2001. On May 9<sup>th</sup>, 2001, the Committee voted 12-1 [Representative Ziegelbauer voting no] to recommend passage of AB 136.

**CONTACT:** Andrew Nowlan, Office of Rep. Michael Lehman



MEMORANDUM

**TO:** Honorable Members of the Assembly Committee on Ways and Means  
**FROM:** Allison Kujawa, Legislative Associate  
**DATE:** March 28, 2001  
**SUBJECT:** Assembly Bill 136

The Wisconsin Counties Association (WCA) supports Assembly Bill 136, under which shared revenue payments are phased out over a five-year period if a light, heat or power company plant is decommissioned. Under current law, most of the property that light, heat or power companies own is subject to state tax and exempt from the property tax. Municipalities and counties where that property is located receive shared revenue payments for it.

At a past WCA Annual Convention, a resolution was passed which requests the Legislature to draft and enact legislation to provide for the phase-out of shared utility tax payments over a five-year term in the event of the closing of a power plant. Specifically, the phase-out schedule in the event of a planned or emergency closing of a power plant, as adopted by the WCA Annual Convention, is as follows:

Year	Percentage of Final Operating Year's Aid
One	100%
Two	80%
Three	60%
Four	40%
Five	20%

The above payment schedule is included in AB 136. Passage of the bill will ease the burden a county could face if shared utility tax payments were completely eliminated the year the power plant closed.

If you have any questions, please do not hesitate to contact me at the WCA office at (608)224-5330.

Thank you for considering our comments.

# WISCONSIN COUNTIES UTILITY TAX ASSOCIATION

P.O. Box 2038, Madison, Wisconsin 53701

Phone: (608) 257-7181

## Statement in Support of 2001 Assembly Bill 136

### Officers

President

WILLIAM WALKER

(715) 732-2137

Marinette County

Vice-President

JOHN H. TRAMBURG

(920) 484-3534

Columbia County

Secretary

WILLIAM CHAMBERLAIN

(608) 788-3553

La Crosse County

Treasurer

WAYNE E. KOESSL

(262) 857-4661

Kenosha County

Executive Director

MICHAEL R. VAUGHAN

### Member Counties

ASHLAND

BROWN

BUFFALO

CHIPPEWA

COLUMBIA

DOUGLAS

DUNN

GRANT

JEFFERSON

KENOSHA

KEWAUNEE

LA CROSSE

MANITOWOC

MARATHON

MARINETTE

OZAUKEE

ROCK

SHEBOYGAN

VERNON

Under present law, counties and municipalities are prohibited from levying local property taxes on utility plants. Instead, the state levies a tax determined under Chapter 76 of the Statutes. In 2000, these tax collections totaled \$118,759,119. The county and municipality where a plant is located receive a payment for the property under a formula calculated in § 79.04 of the Statutes. This payment in 2000 was \$26,178,531, only 22% of the state collections for that year and far less than would be received if the county or municipality were levying a property tax on the utility plant.

AB 136 is designed to deal with the situation where a plant is decommissioned and the payments stop. In such a situation, there would be an abrupt termination to the payment received by the county and municipality. The bill would buffer this situation by providing a five year, scaled phase-out of payments under which the county and municipality will receive continuing payments reduced by 20% each year to permit the county and municipality to adapt to the loss of the shared utility tax payment. In each case, the payment is reduced by any property taxes collected on the decommissioned property.

To give some sense of impact on a county budget, 2000 shared utility tax payments to various member counties ranged from \$41,000 to \$1,029,000. The sudden loss of such payments would have a serious to devastating effect on each county budget, and this bill seeks to provide a transitional period to permit the county to adjust to such a loss. Please let me emphasize that this transitional aid would come from monies already received by the state through the state tax on utility companies.

At this time, no utility plants are scheduled for decommissioning. Therefore, this proposal has no immediate cost. We believe it is a prudent safety net, however, to put this legislation on the books now to protect counties and municipalities at such time in the future as decommissioning may occur.

The Wisconsin Counties Utility Tax Association strongly supports this bill. In addition, the member county boards in Buffalo, Chippewa, Columbia, Grant, Jefferson, Kenosha, Kewaunee, La Crosse, Manitowoc, Marathon, Marinette, Rock and Sheboygan Counties have adopted their own resolutions in support of this measure.

This proposal passed the 1997 Assembly on a voice vote. The 1999 Assembly passed the proposal by a 77 to 21 margin. In both cases, the floor action followed affirmative recommendations by this committee.

We urge your support for AB 136 as well.

Michael R. Vaughan

## Shared Revenue →

State declares amount to be dist in shared Rev. This is not impacted by the contributing entities.

When a utility prop is decommissioned, shared rev part is bigger for everyone else as a sr payment no longer goes to the decommissioned plant. This bill simply delays the decrease in sr payments to the decommissioned land in increments

The make-up once decommissioned would only constitute the difference between the prop tax now generated and pro-rated shared revenue payment.

Former sr = \$10      prop tax gen = \$6

sr payment year 1 = \$4  
year 2 = \$2  
year 3-5 = \$0

What constitutes usable prop? Is the prop divided up? What has in use garages vs a now vacant building? A portion of the prop is now taxable but a portion ~~the~~ remains tax-exempt?

At+C does not like the sr payments shift (assuming sr dollars are reduced)

At+C like Haven Committee work on sep utility portion from sr.

**FISCAL ESTIMATE FORM**

**2001 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB # 01-1531/1

INTRODUCTION # AB-136

Admin. Rule #

**Subject**

**Shared Revenue Utility Payments on Decommissioned Electric Generating Plants**

**Fiscal Effect**

State:  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

- Increase Existing Appropriation     Increase Existing Revenues  
 Decrease Existing Appropriation     Decrease Existing Revenues  
 Create New Appropriation

- Increase Costs - May be Possible to Absorb Within Agency's Budget  Yes  No  
  
 Decrease Costs

Local:  No Local Government Costs

1.  Increase Costs  
 Permissive  Mandatory  
 2.  Decrease Costs  
 Permissive  Mandatory

3.  Increase Revenues  
 Permissive  Mandatory  
 4.  Decrease Revenues  
 Permissive  Mandatory

5. Types of Local Governmental Units Affected:  
 Towns     Villages     Cities  
 Counties     Others \_\_\_\_\_  
 School Districts     WTCS Districts

**Fund Sources Affected**

- GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations**

**Assumptions Used in Arriving at Fiscal Estimate:**

Under current law, if an electric generating plant is decommissioned and returned to the tax roll, shared revenue payments for that plant cease in the year following its return to the tax roll.

Under the bill, shared revenue utility payments to municipalities and counties for decommissioned electric generating plants returned to the tax roll could continue for up to 5 years. Payments would equal the following percentages of the shared revenue utility payment made in the last year the plant was used by the utility (100% in the first year, 80% in the second year, 60% in the third year, 40% in the fourth year, and 20% in the fifth year) minus the property taxes paid to the municipality or county from the plant's owners in the current year.

The bill first affects shared revenue payments in 2003. Any increase in shared revenue utility payments engendered by this bill would be funded by an equal decrease in funding for shared revenue aidable revenues payments. Thus, shared revenue payments to many localities would decrease by a small amount. The Department is not aware of any electric generating plant that would currently qualify for payments under the bill.

**Long-Range Fiscal Implications:**

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue  Daniel P. Huegel, (608) 266-5705	Yeang-Eng Braun  (608) 266-2700	3/13/01