

Fiscal Estimate Narratives
DOR 2/4/2008

LRB Number	07-3536/1	Introduction Number	AB-0719	Estimate Type	Original
Description Relating to: utility aid payments to towns and counties for production plants that generate electricity from wind power.					

Assumptions Used in Arriving at Fiscal Estimate

Property owned by public utilities is generally exempt from local property taxes and taxed instead by the state (see Chapter 76, Statutes). The state makes payments to counties and municipalities to partially compensate local governments for the services provided to some types of utility property. These payments are referred to as utility shared revenue payments.

Under current law, for electric generating plants that begin operation or are repowered after December 31, 2003, there is a base payment of \$2,000 per megawatt (MW) of name-plate generating capacity. For a plant in a town, one-third (\$667 per MW) is paid to the town and two-thirds (\$1,333 per MW) is paid to the county. For a plant in a village or city, two-thirds (\$1,333 per MW) is paid to the village or city and one-third (\$667 per MW) is paid to the county.

Under the bill, for wind-powered electric generating plants that begin operation or are repowered after December 31, 2003, the base payment for property in a town will be distributed such that two-thirds (\$1,333 per MW) is paid to the town and one-third (\$667 per MW) is paid to the county.

The bill first affects utility shared revenue payments for 2008. Since no wind-powered production plants began producing power in 2007, the bill has no effect on shared revenue payments for 2008.

However, information from the Public Service Commission of Wisconsin (PSCW) indicates that there are 3 large wind power projects currently under construction in Wisconsin, all of which are expected to begin operation in 2008. Based on data from the most recent construction updates filed the PSCW, these projects and their MW capacities are: Wisconsin Power and Light's Cedar Ridge Wind Farm (68 MW) in Fond du Lac County; Invernergy's Forward Wind Energy Center (99 MW) in Dodge County and Fond du Lac County; and Wisconsin Electric's Blue Sky Green Field Wind Project (145 MW) in Fond du Lac County. Based on a total capacity of 312 MW for these plants, the base utility shared revenue payment for these plants would be \$624,000 (312 X \$2,000).

For purposes of this note, it is assumed that all of the wind power towers will be located in towns. Under current law, the \$624,000 in base payments would be distributed as follows: \$208,000 to towns and \$416,000 to counties. Under the bill, the distribution will be \$416,000 to towns and \$208,000 to counties, resulting in a revenue increase for towns of \$208,000 and a revenue decrease for counties of \$208,000. At this time, the Department of Revenue does not have information concerning the MW capacity being installed in the various municipalities where the plants are under construction, and is therefore unable to estimate the effect on individual municipalities. With respect to counties, however, since most of the wind towers appear to be located in Fond du Lac County, it is expected that Fond du Lac County will experience most of the expected revenue loss to counties.

The bill's actual effect on 2009 and future years shared revenue payments will depend on factors such as the number of wind power energy projects that are constructed and the dates on which they begin operation. Since any increase in town utility shared revenues under the bill is offset by an equal decrease in county utility shared revenues, the bill has no state fiscal effect.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Relating to: utility aid payments to towns and counties for production plants that generate electricity from wind power.			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$		\$See text
Agency/Prepared By		Authorized Signature	Date
DOR/ Daniel Huegel (608) 266-5705		Paul Ziegler (608) 266-5773	2/4/2008