

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-2781/3	Introduction Number SB-252
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Description
 Utility aid payments for decommissioned or closed production plants

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input checked="" type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835(1)(dm)	

Agency/Prepared By DOR/ Robert Schmidt (608) 266-5773	Authorized Signature Robert Schmidt (608) 266-5773	Date 9/10/2015
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Fiscal Estimate Narratives

DOR 9/10/2015

LRB Number	15-2781/3	Introduction Number	SB-252	Estimate Type	Original
Description Utility aid payments for decommissioned or closed production plants					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, utility aid payments to counties and municipalities for a decommissioned plant decrease from 100% to 0% in 20% increments over a period of five years. The phasedown for decommissioned plants only applies to nuclear and wind plants. Current law further reduces utility aid payments by property taxes paid by the plant to the municipality or county.

The bill would extend the phasedown of utility aid payments to all plant types and remove the subtraction for property taxes paid by a plant. The bill is first effective for payments made in 2015.

The overall fiscal effect depends on the number and timing of power plant closures and the taxes generated from such plants upon closure. In effect, the bill will increase utility aid payments to municipalities and counties for closed non-nuclear and non-wind plants (natural gas, coal, biomass, hydroelectric, solar). The removal of the property tax subtraction would increase utility aid payments to municipalities and counties for decommissioned nuclear and wind plants.

The nuclear plant in the Town of Carlton (Kewaunee County) is no longer in operation, and as a result is now subject to local property taxes. Town and county utility aid payments for the plant were \$357,000 and \$713,000 in 2014. The nuclear plant generated approximately \$8,000 and \$73,000 for town and county property taxes, respectively, on the plant's 2014 assessed value of \$10.3 million. The assessment for the Carlton plant increased to approximately \$457.7 million in 2015, which will significantly increase the plant's share of town and county property taxes on its 2015/16 property tax bills. Assuming no increase in 2014 levies, the plant's town and county tax bills will increase to \$63,000 and \$2.4 million, respectively. Under current law, this tax amount would decrease the utility aid payments to the town and county. The significant increase the county taxes paid by the power plant would entirely offset the county utility aid payment.

Under the bill, the property tax subtraction would not take place. This would result in an increase in 2015 utility aid payments of \$81,000 (\$8,000 town + \$73,000 county) for the Carlton nuclear plant. The 2016 payments would increase by \$491,000 (\$63,000 town + \$428,000 county) compared to current law.

Administrative costs can be absorbed by the department.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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Description Utility aid payments for decommissioned or closed production plants		
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		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$see text	\$see text
Agency/Prepared By	Authorized Signature	Date
DOR/ Robert Schmidt (608) 266-5773	Robert Schmidt (608) 266-5773	9/10/2015