



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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Joint Committee on Finance

Paper #701

Public Utility Aid -- Sum Sufficient Reestimates (Shared Revenue and Tax Relief -- Direct Aid Payments)

[LFB 2009-11 Budget Summary: Page 569, #5]

CURRENT LAW

Utility aid is paid to counties and municipalities from two appropriations. One utility aid appropriation (the public utility distribution account) was created by 2003 Wisconsin Act 31 and provides funding for payments to counties and municipalities containing light, heat, and power company production plants that began operations or were substantially reconstructed (repowered) after December 31, 2003. Payments are based on the generating capacity of the plants and consist of a basic payment and incentive payments tied to the plant's location, operating capacity, and energy source. Initial payments under the Act 31 provisions occurred in 2005 (2005-06).

The shared revenue appropriation comprises the second utility aid appropriation. Since the county and municipal aid program replaced the other three shared revenue components in 2004, utility aid is the only shared revenue component that continues to operate. The appropriation makes payments to counties and municipalities that contain light, heat, and power companies' substations and general structures and that contain production plants that began operations before 2004. A provision in 2007 Wisconsin Act 20 changed the aid payment on most of these older production plants, beginning in 2009 (2009-10). With some exceptions, aid on these plants is now based on their generating capacity, and the aid calculations are identical to the aid calculations for plants that began operating after 2003 under the basic payment and under the incentive payment for plants using an alternative energy resource. Aid on substations and general structures, as well as on some production plant value, is equal to the net book value of the qualifying utility property multiplied by a rate of either three or six mills. In addition, each county and municipality where spent nuclear fuel is stored receives an annual payment of \$50,000. Finally, payments are limited to no more than \$425 per capita for municipalities and \$125 per capita for counties, except that the per capita limitations do not apply to incentive payments and nuclear storage payments.

GOVERNOR

Increase estimated payments by \$10,651,400 GPR in 2009-10 and \$12,400,000 GPR in 2010-11 under the public utility aid component of the shared revenue program to reflect the following: (a) the estimated effect of the 2007 Wisconsin Act 20 law change authorizing payments for production plants in operation before 2004 based on their generating capacity; and (b) estimated changes in the value of utility-owned property eligible for state aid under the three and six mill distribution formulas. Estimate total payments under these distributions at \$44,051,400 in 2009-10 and \$45,800,000 in 2010-11.

Increase estimated payments by \$5,892,000 GPR in 2009-10 and \$8,597,600 GPR in 2010-11 under the public utility distribution account to reflect changes in the number and types of property eligible for aid under the capacity-based distribution formula for production plants that began operating after 2003. Estimate total payments under this distribution formula at \$12,134,400 in 2009-10 and \$14,840,000 in 2010-11.

MODIFICATION

Decrease estimated utility aid payments from the shared revenue account appropriation by \$751,400 GPR in 2009-10 and \$1,500,000 GPR in 2010-11. No changes to the bill's estimated payment amounts under the public utility distribution account appropriation (capacity-based formula for post-2003 plants) are estimated.

Explanation: Relative to the bill, the preceding reductions reflect estimated changes in the value of utility-owned property eligible for state aid under the three and six mill distribution formulas. Total aid payments are estimated at \$43,300,000 GPR in 2009-10 and \$44,300,000 GPR in 2010-11 under the shared revenue account appropriation.

Change to Bill Funding	
GPR	- \$2,251,400

Prepared by: Rick Olin