

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

<b>LRB #</b> LRB 3200/4
<b>INTRODUCTION #</b> AB 389
<b>Admin. Rule #</b>

**Subject**  
 Creation of an Electric Transmission Company

**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:**

Electric utilities are subject to a tax of 3.19% on their gross revenues allocated to Wisconsin and are exempt from local property taxes. The bill anticipates creation of a new type of electric utility, called a transmission company, which would operate and/or own the electric transmission system. A transmission company would be subject to the gross revenues tax, however nearly all of its revenues would be exempt from the tax. Only revenues for transmission services to out-of-state utilities might be taxable under the bill.

Generation, transmission and distribution of electricity are all typically provided by the same public utility, which charges a single price for the bundled services. Since transmission services are not purchased, information does not exist on charges for transmission so there is no factual basis for estimating prospective gross revenues of a transmission company, nor the exemptions from gross revenues for transmission services provided to public utilities.

So long as the gross revenues of utility companies are not affected by the bill, state tax collections will not be affected.

The fiscal estimate assumes that, under the bill, electric customers would continue to purchase a bundled service, including transmission services, from traditional public utilities. However, if customers in the future purchase each of the bundled services separately, taxable gross revenues of a transmission company under the bill would be higher, but revenues of utility companies would be lower.

The fiscal effects of the other provisions of the bill are dealt with in the fiscal estimates of other agencies.

**Long-Range Fiscal Implications:**

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**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

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**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 State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	( FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
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, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	\$	\$ -

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ _____	\$ _____
NET CHANGE IN REVENUES	\$ see text of fiscal note	\$ _____

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