

1999 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB927)

Received: 03/24/2000

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Tim Hoven (608) 267-2369

By/Representing: Mike

This file may be shown to any legislator: NO

Drafter: j kreye

May Contact:

Alt. Drafters:

Subject: Tax - utilities

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Wholesale electricity

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
I?	jkreye 03/24/2000	csicilia 03/24/2000		_____			
/1	jkreye 03/27/2000	csicilia 03/27/2000	martykr 03/27/2000	_____	lrb-docadmin 03/27/2000	lrb-docadmin 03/27/2000	
/2			hhagen 03/27/2000	_____	lrb-docadmin 03/27/2000	lrb-docadmin 03/27/2000	

FE Sent For:

<END>

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/?	jkreye 03/24/2000	csicilia 03/24/2000		_____			
/1		1/2 gjs 3/27/00	martykr 03/27/2000	_____	lrb_docadmin 03/27/2000	lrb_docadmin 03/27/2000	
FE Sent For:			M 3/27	SEV 3/27			
				<END>			

PLEASE For Ladwig JACKET

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1?	jkreye	1 cjs 3/24 oo	dm 3/24	JF 3 Kra 3/24			

FE Sent For:

<END>

Mike from Rep. Hoover's office

turn 50483/1 into sub for AB 927 (copywriter)
± add material that Mike is
bringing over

① ore = 50483/1

② ~~ore = 50483/1 + add'l material~~

50488/1

~~SENATE~~ ASSEMBLY
SENATE SUBSTITUTE AMENDMENT,
TO 1999 ~~SENATE~~ BILL 506 L 927

m 3-24-2000

ASSEMBLY

D-N

Monday
afternoon

1 **AN ACT** to amend 76.025 (2), 76.28 (1) (e) (intro.), 76.28 (2) (a), 76.48 (lr), 79.04
2 (1) (intro.), 79.04 (1) (a), 79.04 (1) (c) 2. and 79.04 (2) (a); and **to create 76.29**
3 of the statutes; **relating** to: license fees based on the sale of wholesale
4 electricity.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 **SECTION 1.** 76.025 (2) of the statutes is amended to read:

6 76.025 (2) If the property of any company defined in s. 76.28 (1), except a
7 qualified wholesale electric company as defined in s. 76.28 (1) (gm) and a wholesale
8 merchant plant as defined in s. 196.491 (1)(w), is located entirely within a single
9 town, village or city, it shall be subject to local assessment and taxation.

10 **SECTION 2.** 76.28 (1) (e) (intro.) of the statutes, as affected by 1999 Wisconsin
11 Act 9, is amended to read:

1 76.28 (1) (e) (intro.) “Light, heat and power companies” means any person,
2 association, company or corporation, including corporations described in s. 66.069
3 (2), qualified wholesale electric companies, wholesale merchant plants as defined in
4 s. 196.491 (1)(w) and transmission companies and except only business enterprises
5 carried on exclusively either for the private use of the person, association, company
6 or corporation engaged in them, or for the private use of a person, association,
7 company or corporation owning a majority of all outstanding capital stock or who
8 control the operation of business enterprises and except electric cooperatives taxed
9 under s. 76.48 that engage in any of the following businesses:

10 **SECTION 3.** 76.28 (2) (a) of the statutes is amended to read:

11 76.28 (2) (a) ~~There~~ Except as provided in s. 76.29, there is imposed on every
12 light, heat and power company an annual license fee to be assessed by the
13 department on or before May 1, 1985, and every May 1 thereafter measured by the
14 gross revenues of the preceding year, excluding gross revenues under s. 76.29, at the
15 rates and by the methods set forth under pars. (b) to (d). The fee shall become
16 delinquent if not paid when due and when delinquent shall be subject to interest at
17 the rate of 1.5% per month until paid. Payment in full of the May 1 assessment
18 constitutes a license to carry on business for the 12-month period commencing on the
19 preceding January 1.

20 **SECTION 4.** 76.29 of the statutes is created to read:

21 **76.29 License fee for selling electricity at wholesale. (1) DEFINITIONS.**

22 In this section:

23 (a) “Apportionment factor” has the meaning given in s. 76.28 (1) (a).

24 (b) “Department” means the department of revenue.

25 (c) “Electric cooperative” has the meaning given in s. 76.48 (lg) (c).

1 (d) "Gross revenues" means total revenues from the sale of electricity for resale
2 by the purchaser of the electricity.

3 (e) "Light, heat and power companies" has the meaning given in s. 76.28 (1) (e).

4 (f) "Tax period" means each calendar year or portion of a calendar year from
5 July 1, 2002, to June 30, 2007.

6 **(2) IMPOSITION.** There is imposed on every light, heat and power company and
7 electric cooperative that owns an electric utility plant, an annual license fee to be
8 assessed by the department on or before May 1, 2003, and every May 1 thereafter,
9 ending with the assessment on May 1, 2008, measured by the gross revenues of the
10 preceding tax period in an amount equal to the apportionment factor multiplied by
11 gross revenues multiplied by 1.59%. The fee shall become delinquent if not paid
12 when due and when delinquent shall be subject to interest at the rate of 1.5% per
13 month until paid.

14 **(3) ADMINISTRATION.** Section 76.28 (3) (c) and (4) to (11), as it applies to the fee
15 imposed under section 76.28 (2), applies to the fee imposed under this section.

16 **SECTION 5.** 76.48 (1r) of the statutes is amended to read:

17 76.48 **(1r)** Every ~~Except as provided in s. 76.29, every~~ electric cooperative shall
18 pay, in lieu of other general property and income or franchise taxes, an annual license
19 fee equal to its apportionment factor multiplied by its gross revenues, ~~excluding~~
20 ~~gross revenues under s. 76.29,~~ multiplied by 3.19%. Real estate and personal
21 property not used primarily for the purpose of generating, transmitting or
22 distributing electric energy are subject to general property taxes. If a general
23 structure is used in part to generate, transmit or distribute electric energy and in
24 part for nonoperating purposes, the license fee imposed by this section is in place of
25 the percentage of all other general property taxes that fairly measures and

1 represents the extent of the use in generating, transmitting or distributing electric
2 energy, and the balance is subject to local assessment and taxation, except that the
3 entire general structure is subject to special assessments for local improvements.

4 **SECTION 6.** 79.04 (1) (intro.) of the statutes is amended to read:

5 79.04 (1) (intro.) Annually the department of administration, upon
6 certification by the department of revenue, shall distribute to a municipality having
7 within its boundaries a production plant or a general structure, including production
8 plants and general structures under construction, used by a light, heat or power
9 company assessed under s. 76.28 (2) or s. 76.29 (2), except property described in s.
10 66.069 (2) unless the production plant is owned or operated by a local governmental
11 unit located outside of the municipality, or by an electric cooperative assessed under
12 ss. 76.07 and 76.48, respectively, or by a municipal electric company under s. 66.073
13 the amount determined as follows:

14 **SECTION 7.** 79.04 (1) (a) of the statutes is amended to read:

15 79.04 (1) (a) An amount from the shared revenue account determined by
16 multiplying by 3 mills in the case of a town, and 6 mills in the case of a city or village,
17 the first \$125,000,000 of the amount shown in the account, plus leased property, of
18 each public utility except qualified wholesale electric companies, as defined in s.
19 76.28 (1) (gm), and except wholesale merchant plants, as defined ins. 196.491 (1)(w),
20 on December 31 of the preceding year for either "production plant, exclusive of land"
21 and "general structures", or "work in progress" for production plants and general
22 structures under construction, in the case of light, heat and power companies,
23 electric cooperatives or municipal electric companies, for all property within a
24 municipality in accordance with the system of accounts established by the public
25 service commission or rural electrification administration, less depreciation thereon

1 as determined by the department of revenue and less the value of treatment plant
2 and pollution abatement equipment, as defined under s. 70.11 (21) (a), as determined
3 by the department of revenue plus an amount from the shared revenue account
4 determined by multiplying by 3 mills in the case of a town, and 6 mills in the case
5 of a city or village, of the first \$125,000,000 of the total original cost of production
6 plant, general structures and work-in-progress less depreciation, land and
7 approved waste treatment facilities of each qualified wholesale electric company, as
8 defined in s. 76.28 (1) (gm), and each wholesale merchant plant, as defined in s.
9 196.491 (1) (w), as reported to the department of revenue of all property within the
10 municipality. The total of amounts, as depreciated, from the accounts of all public
11 utilities for the same production plant is also limited to not more than \$125,000,000.
12 The amount distributable to a municipality in any year shall not exceed \$300 times
13 the population of the municipality.

14 **SECTION 8.** 79.04 (1) (c) 2. of the statutes is amended to read:

15 79.04 (1) (c) 2. If a production plant is located in more than one municipality,
16 the total payment under subd. 1. shall be apportioned according to the amounts
17 shown on the preceding December 31 for the production plant in the account
18 described in par. (a) for "production plant exclusive of land" within each municipality
19 for all public utilities except qualified wholesale electric companies, as defined in s.
20 76.28 (1) (gm), and except wholesale merchant plants, as defined ins. 196.491 (1) (w),
21 or according to the value as reported to the department of revenue under par. (a) of
22 the production plant within each municipality for each qualified wholesale electric
23 company. The payment to each municipality under this subdivision shall be no less
24 than \$15,000 annually.

25 **SECTION 9.** 79.04 (2) (a) of the statutes is amended to read:

1 79.04 (2) (a) Annually, the department of administration, upon certification by
2 the department of revenue, shall distribute from the shared revenue account to any
3 county having within its boundaries a production plant or a general structure,
4 including production plants and general structures under construction, used by a
5 light, heat or power company assessed under s. 76.28 (2) or s. 76.29 (2), except
6 property described in s. 66.069 (2) unless the production plant is owned or operated
7 by a local governmental unit that is located outside of the municipality in which the
8 production plant is located, or by an electric cooperative assessed under ss. 76.07 and
9 76.48, respectively, or by a municipal electric company under s. 66.073 an amount
10 determined by multiplying by 6 mills in the case of property in a town and by 3 mills
11 in the case of property in a city or village the first \$125,000,000 of the amount shown
12 in the account, plus leased property, of each public utility except qualified wholesale
13 electric companies, as defined in s. 76.28 (1) (gm), and except wholesale merchant
14 plants, as defined in s. 196.491 (1) (w), on December 31 of the preceding year for
15 either “production plant, exclusive of land” and “general structures”, or “work in
16 progress” for production plants and general structures under construction, in the
17 case of light, heat and power companies, electric cooperatives or municipal electric
18 companies, for all property within the municipality in accordance with the system
19 of accounts established by the public service commission or rural electrification
20 administration, less depreciation thereon as determined by the department of
21 revenue and less the value of treatment plant and pollution abatement equipment,
22 as defined under s. 70.11 (21) (a), as determined by the department of revenue plus
23 an amount from the shared revenue account determined by multiplying by 6 mills
24 in the case of property in a town, and 3 mills in the case of property in a city or village,
25 of the total original cost of production plant, general structures and

1 work-in-progress less depreciation, land and approved waste treatment facilities of
2 each qualified wholesale electric company, as defined in s. 76.28 (1) (gm), and each
3 wholesale merchant plant, as defined in s. 196.491 (1) (w), as reported to the
4 department of revenue of all property within the municipality. The total of amounts,
5 as depreciated, from the accounts of all public utilities for the same production plant
6 is also limited to not more than \$125,000,000. The amount distributable to a county
7 in any year shall not exceed \$100 times the population of the county.

8

(END)

S 0483/1/dv
JK:cjs:

D-N

substitute amendment

Please review this ~~draft~~ ^e carefully to ensure that it is consistent with your intent. This substitute amendment is based on LRBs 0483/1, a substitute amendment to 1999 Senate Bill 506.

OK

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBs0488/1dn
JK:cjs:km

March 24, 2000

Please review this substitute amendment carefully to ensure that it is consistent with your intent. This substitute amendment is based on LRBs0483/1, a substitute amendment to 1999 Senate Bill 506.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us



**ASSEMBLY SUBSTITUTE AMENDMENT,
TO 1999 ASSEMBLY BILL 927**

m 3-27-2000
Today

1 **AN ACT to amend** 76.025 (2), 76.28 (1) (e) (intro.), 76.28 (2) (a), 76.48 (lr), 79.04
2 (1) (intro.), 79.04 (1) (a), 79.04 (1) (c) 2. and 79.04 (2) (a); and **to create 76.29**
3 of the statutes; **relating to:** license fees based on the sale of wholesale
4 electricity.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 **SECTION 1.** 76.025 (2) of the statutes is amended to read:

6 76.025 (2) If the property of any company defined in s. 76.28 (l), except a
7 qualified wholesale electric company as defined in s. 76.28 (1) (gm) ~~and a wholesale~~
8 merchant plant as defined in s. 196.491 (1) (w), is located entirely within a single
9 town, village or city, it shall be subject to local assessment and taxation.

10 **SECTION 2.** 76.28 (1) (e) (intro.) of the statutes, as affected by 1999 Wisconsin
11 Act 9, is amended to read:

1 76.28 (1) (e) (intro.) “Light, heat and power companies” means any person,
2 association, company or corporation, including corporations described in s. 66.069
3 (2), qualified wholesale electric companies, wholesale merchant plants as defined in
4 s.196.491 (1)(w) and transmission companies and except only business enterprises
5 carried on exclusively either for the private use of the person, association, company
6 or corporation engaged in them, or for the private use of a person, association,
7 company or corporation owning a majority of all outstanding capital stock or who
8 control the operation of business enterprises and except electric cooperatives taxed
9 under s. 76.48 that engage in any of the following businesses:

10 **SECTION 3.** 76.28 (2) (a) of the statutes is amended to read:

11 76.28 (2) (a) ~~There~~ Except as provided in s. 76.29. there is imposed on every
12 light, heat and power company an annual license fee to be assessed by the
13 department on or before May 1, 1985, and every May 1 thereafter measured by the
14 gross revenues of the preceding year, excluding gross revenues under s. 76.29. at the
15 rates and by the methods set forth under pars. (b) to (d). The fee shall become
16 delinquent if not paid when due and when delinquent shall be subject to interest at
17 the rate of 1.5% per month until paid. Payment in full of the May 1 assessment
18 constitutes a license to carry on business for the 12-month period commencing on the
19 preceding January 1.

20 **SECTION 4.** 76.29 of the statutes is created to read:

21 **76.29 License fee for selling electricity at wholesale. (1) DEFINITIONS.**

22 In this section:

- 23 (a) “Apportionment factor” has the meaning given in s. 76.28 (1) (a).
24 (b) “Department” means the department of revenue.
25 (c) “Electric cooperative” has the meaning given in s. 76.48 (lg) (c).

January

1 (d) "Gross revenues" means total revenues from the sale of electricity for resale
2 by the purchaser of the electricity.

3 (e) "Light, heat and power companies" has the meaning given in s. 76.28 (1) (e).

4 (f) "Tax period" means each calendar year or portion of a calendar year from

5 ~~July~~ 1, 2002, to ~~June 30~~, 2007. December 31

6 (2) IMPOSITION. There is imposed on every light, heat and power company and
7 electric cooperative that owns an electric utility plant, an annual license fee to be
8 assessed by the department on or before May 1, 2003, and every May 1 thereafter,
9 ending with the assessment on May 1, 2008, measured by the gross revenues of the
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15 imposed under section 76.28 (2), applies to the fee imposed under this section.

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23 structure is used in part to generate, transmit or distribute electric energy and in
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25 the percentage of all other general property taxes that fairly measures and

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15 79.04 (1) (a) An amount from the shared revenue account determined by
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18 each public utility except qualified wholesale electric companies, as defined in s.
19 76.28 (1) (gm), and except wholesale merchant nplants. as defined in s. 196.491 (1) (w).
20 on December 31 of the preceding year for either "production plant, exclusive of land"
21 and "general structures", or "work in progress" for production plants and general
22 structures under construction, in the case of light, heat and power companies,
23 electric cooperatives or municipal electric companies, for all property within a
24 municipality in accordance with the system of accounts established by the public
25 service commission or rural electrification administration, less depreciation thereon

1 as determined by the department of revenue and less the value of treatment plant
2 and pollution abatement equipment, as defined under s. 70.11 (21) (a), as determined
3 by the department of revenue plus an amount from the shared revenue account
4 determined by multiplying by 3 mills in the case of a town, and 6 mills in the case
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9 196.491 (1)(w), as reported to the department of revenue of all property within the
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6 property described in s. 66.069 (2) unless the production plant is owned or operated
7 by a local governmental unit that is located outside of the municipality in which the
8 production plant is located, or by an electric cooperative assessed under ss. 76.07 and
9 76.48, respectively, or by a municipal electric company under s. 66.073 an amount
10 determined by multiplying by 6 mills in the case of property in a town and by 3 mills
11 in the case of property in a city or village the **first \$125,000,000** of the amount shown
12 in the account, plus leased property, of each public utility except qualified **wholesale**
13 **electric companies**, as defined in s. 76.28 (1) **(gm)**, and except wholesale merchant
14 plants. as defined in s. 196.491 (1) (w), on December 31 of the preceding year for
15 either “production plant, exclusive of land” and “general structures”, or “work in
16 progress” for production plants and general structures under construction, in the
17 case of light, heat and power companies, electric cooperatives or municipal electric
18 companies, for all property within the municipality in accordance with the system
19 of accounts established by the public service commission or rural electrification
20 administration, less depreciation thereon as determined by the department of
21 revenue and less the value of treatment plant and pollution abatement equipment,
22 as defined under s. 70.11 (21) (a), as determined by the department of revenue plus
23 an amount from the shared revenue account determined by multiplying by 6 mills
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25 of the total original cost of production plant, general structures and

1 work-in-progress less depreciation, land and approved waste treatment facilities of
 2 each qualified wholesale electric company, as defined in s. 76.28 (1) (gm), and each
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 4 department of revenue of all property within the municipality. The total of amounts,
 5 as depreciated, from the accounts of all public utilities for the same production plant
 6 is also limited to not more than \$125,000,000. The amount distributable to a county
 7 in any year shall not exceed \$100 times the population of the county.

8

(END)

(B)

Sec # Effective date:
 # (X) This act takes effect on January 1, 2001.