

Emery, Lynn

From: Welsh, Michael

Sent: Friday, September 14, 2001 4:40 PM

To: Emery, Lynn

Subject: Jacketed Bills

Could you please jacket LRB-3633/2 and LRB-3598 and send them over.

Thanks,

Michael Welsh
Rep. Tim Hoven's office

9/14/2001



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
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STEPHEN R. MILLER
CHIEF

September 21, 2001

MEMORANDUM

To: Representative Hoven

From: Joseph T. Kreye, Legislative Attorney, (608) 266-2263
Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **2001 (un-introduced)** (LRB-3598/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

September 21, 2001

TO: Joseph Kreye
Marc Shovers
Legislative Reference Bureau

FROM: Brian Pahnke
Department of Revenue

SUBJECT: Technical Memorandum on LRB 3598/1 Concerning Shared Revenue Utility Payments

Under section 2281e of 2001 Wisconsin Act 16 (the biennial budget), shared revenue payments for municipalities have already been established. In 2002, a municipality's payment is the payment in 2001 (from the utility payment, the per capita payment, the aidable revenues payment, and the minimum-maximum adjustment) multiplied by 101%. The payment in 2003 is the payment in 2002 multiplied by 101%. Payments under the formula are to be restored in 2004. Thus, the provisions of the bill, notably those pertaining to the maximum value and maximum per capita payments for 2002 and 2003, would have no effect on affected communities' shared revenue utility payments.

If you have questions regarding this technical memorandum, please contact: Daniel Huegel at 266-5705.

BP:DH

Joe,

Please make the following changes to LRB 3598/1:

✓ 1. More clearly stipulate that any increases in shared revenue utility payments will be funded by an equal increase in funding for the aidable revenues portion of the shared revenues formula. Perhaps on Page 3, Line 14, you could say "*the difference between the amount distributed to municipalities under s. 79.04, and the amount that would be distributed to municipalities under s. 79.04, 1999 stats.*"

✓ 2. Repeal current law—79.04(1)(c)3—that says if a production plant with a rated capacity of 200 megawatts or more is decommissioned, the \$75,000 minimum guaranteed payment shall continue but diminish by \$7,500 annually, except that the minimum guaranteed payment under this subdivision shall cease in the year following the first year in which the property becomes taxable by the taxation district.

In other words, we don't want municipalities to double-dip—receive \$67,500 in the first year the plant property is subject to property taxes *PLUS* 100% of the last public utility distribution to the municipality or county that included payment for the plant.

✓ 3. In the Leg. Council Memo (footnote #2), John mentions that the additional distribution payments (for brownfield siting) does not apply to wholesale electric companies. Could you change the draft to explicitly include wholesale electric companies?

✓ 4. In the Leg. Council Memo (footnote #3), John mentions that the *Brownfield Initiative* (additional distribution payments) is based on original book value of the plant rather than net book value. Because the *Brownfield Initiative* is not intended to be a one-time increase in utility aid, please stipulate that the *Initiative* will be based on net book value after the first year, thus the depreciation factor will be taken into consideration.

Also, if we could get the /2 back by tomorrow afternoon (for a Wednesday hearing), that would be great. But if not, I understand.

Should you have any questions, please do not hesitate to contact me (or John Stolzenberg at Legislative Council).

Thank you,

Mike
Rep. Hoven's office



**WISCONSIN LEGISLATIVE COUNCIL
STAFF MEMORANDUM**

TO: REPRESENTATIVE TIMOTHY HOVEN

FROM: John Stolzenberg, Staff Scientist

RE: LRB-3598/1, Relating to Public Utility Shared Revenue Payments

DATE: September 21, 2001

This memorandum, prepared at your request, summarizes LRB-3598/1. This draft relates to public utility shared revenue payments.

CURRENT LAW

One component of the state revenue sharing with municipalities and counties is the public utility distribution. Under this distribution, municipalities and counties, in which power plants, substations, and general structures used by electric public utilities, qualified wholesale electric companies, electric cooperatives and municipal electric companies are located, receive an annual distribution under a statutory formula. In general terms, the formula for computing the basic amount of this distribution is a specified mill rate times a portion of the net book value of the power plant, substation, or general structure located within a municipality or county. Current law sets forth additional considerations used in the computation of these distributions, including a cap on the total amount of the basic public utility distribution that a municipality or county may receive.

Current law, as amended by 2001 Wisconsin Act 16, also establishes the total amount of payments for all types of state revenue sharing to all municipalities and to all counties in 2002 and subsequent years.

Currently, property of an electric public utility, qualified wholesale electric company or a municipal electric company that is taxed under the utility gross receipts tax or of an electric cooperative that is used by the cooperative is exempt from local property taxes. When a power plant is decommissioned and, thus, no longer used to generate electricity, the property loses this exemption and becomes subject to local property taxes on the succeeding January 1. In addition, when a power plant less than 200 megawatts in capacity is decommissioned, the public utility distribution is no longer paid on it.

If a 200 megawatt or larger power plant is decommissioned, then the current \$75,000 minimum guaranteed payment to a municipality under the public utility distribution for such a plant is continued under specified conditions. These conditions include that this minimum guaranteed payment is decreased by \$7,500 annually and ceases in the year following the first year in which the property becomes taxable. Also, this payment may not exceed the distribution cap applicable to the municipality.

LRB-3598/1

LRB-3598/1 amends the basic public utility distribution in the following two ways:

1. The draft raises the maximum value of the power plant, substation, and general structure property used in the formula used to compute this distribution.
2. The draft raises the cap on the total amount of the basic distribution that a municipality or county may receive.

LRB-3598/1 also creates two additional distributions as part of the public utility distribution. One creates a phase-out of distributions for most decommissioned power plants. The second one generally applies when a new power plant, 50 megawatts or larger, is built on the site of an existing or decommissioned power plant or on brownfields.

Additional information on these four provisions including a comparison with current law is provided in the attached table.

Finally, LRB-3598/1 adds to the existing total amounts of payments for all types of state revenue sharing for 2003 and subsequent years the following amounts:

1. For distributions to municipalities, the difference between the amount that would be distributed to municipalities under the public utility distribution under the 1999 statutes and the amount distributed to municipalities under the public utility distribution as amended by the draft.
2. For distributions to counties, the difference between the amount that would be distributed to counties under the public utility distribution under the 1999 statutes and the amount distributed to counties under the public utility distribution as amended by the draft.

Thus, if the public utility distributions in 2003 or a subsequent year to municipalities or counties under the draft exceeds the respective distributions that would have occurred under the 1999 statutes, then the total state revenue sharing to municipalities or counties in 2003 or the affected subsequent year will be reduced by the amount of the associated difference.

If you would like additional information on LRB-3598/1, please feel free to contact me at the Legislative Council offices.

JES:wu:ksm;ksm;jal

Attachment

**Changes in the Public Utility Distribution Component of
State Revenue Sharing Under LRB-3598/1**

<i>Subject</i>	<i>Current Law</i>	<i>LRB-3598/1</i>
Amendment of basic public utility distributions		
Net book value of power plants, substations, and general structures within a municipality or county used to determine basic distributions for year:		
2002	First \$125 million of value	First \$125 million of value
2003	First \$125 million of value	First \$140 million of value
2004	First \$125 million of value	First \$160 million of value
2005	First \$125 million of value	First \$185 million of value
2006 and subsequent years	First \$125 million of value	First \$250 million of value
Cap on the amount of basic distributions -		
Distributions to a municipality for year:		
2002	\$300 times municipality's population	\$300 times municipality's population
2003	\$300 times municipality's population	\$450 times municipality's population
2004	\$300 times municipality's population	\$650 times municipality's population
2005	\$300 times municipality's population	\$950 times municipality's population
2006 and subsequent years	\$300 times municipality's population	\$1,200 times municipality's population
Distributions to a county for year:		
2002	\$100 times county's population	\$100 times county's population
2003	\$100 times county's population	\$225 times county's population
2004	\$100 times county's population	\$325 times county's population
2005	\$100 times county's population	\$475 times county's population
2006 and subsequent years	\$100 times county's population	\$600 times county's population

<i>Subject</i>	<i>Current Law</i>	<i>LRB-3598/1</i>
Additional public utility distributions		
<p>Distributions for decommissioned power plants.</p> <p>Amount of distribution to the municipality and county in which the decommissioned power plant was located in:</p> <p><i>First year</i> that the power plant property is subject to local property taxes</p> <p><i>Second year</i> that the power plant property is subject to local property taxes</p>	<p>\$67,500 to the municipality, if the decommissioned plant had a capacity of at least 200 megawatts (and provided that the basic public utility distribution to the municipality for all facilities may not exceed \$300 times the municipality's population).</p> <p>No provision</p>	<p>The amount under current law</p> <p>plus</p> <p>100% of the last public utility distribution to the municipality or county that included payment for the plant</p> <p>minus</p> <p>the property taxes paid on the decommissioned plant's property to the municipality or county during this year.¹</p> <p>80% of the last public utility distribution to the municipality or county that included payment for the plant</p> <p>minus</p> <p>the property taxes paid on the decommissioned plant's property to the municipality or county during this year.¹</p>

<i>Subject</i>	<i>Current Law</i>	<i>LRB-3598/1</i>
<i>Third year</i> that the power plant property is subject to local property taxes	No provision	60% of the last public utility distribution to the municipality or county that included payment for the plant
<i>Fourth year</i> that the power plant property is subject to local property taxes	No provision	40% of the last public utility distribution to the municipality or county that included payment for the plant minus the property taxes paid on the decommissioned plant's property to the municipality or county during this year. ¹
<i>Fifth year</i> that the power plant property is subject to local property taxes	No provision	20% of the last public utility distribution to the municipality or county that included payment for the plant minus the property taxes paid on the decommissioned plant's property to the municipality or county during this year. ¹

<i>Subject</i>	<i>Current Law</i>	<i>LRB-3598/1</i>
Additional distributions for new power plants, 50 megawatts or larger, built on the site of an existing or decommissioned power plant or on brownfields and not owned by a wholesale electric company ² -		
Municipality in which the plant is located	No provision	1 mill times the original book value of the plant ³
County in which the plant is located	No provision	1 mill times the original book value of the plant ³
Amount of the distribution for coal-powered plants to the:		
Municipality in which the plant is located	No provision	2 mills times the original book value of the plant ³
County in which the plant is located	No provision	1 mill times the original book value of the plant ³

Notes:

1. The additional distribution under LRB-3598/1 does not apply if the decommissioned power plant was owned by an electric cooperative because this provision applies to property used by a "light, heat, or power company" and under s. 70.112 (4), Stats., electric cooperative power plants are identified separately from light, heat, or power company power plants. Also, under the utility gross receipts tax law in s. 76.28 (1) (e), Stats., these companies do not include electric cooperatives.

2. The additional distribution for new power plants does not apply if the power plant is owned by a wholesale electric company because this distribution is based on the value of the power plant in the "production plant, exclusive of land" account in accordance with the Public Service Commission's or Rural Electrification Administration's system of accounts, and these companies are not subject to either of these accounting requirements. The value of a wholesale electric company's power plant is specified in other terms in the basic public utility distribution formula, and these terms are not used in the new power plant distribution provision in LRB-3598/1.

3. This provision is based on the original book value of the plant rather than the net book value because the provision does not consider depreciation, whereas the basic public utility distribution formula in s. 79.04 (1) (a) and (2) (a), Stats., does consider depreciation.

Memo

To: Rep. Hoven

(The Bill's Requestor)

Attached is a fiscal estimate prepared for your 2001 draft that has not yet been introduced.

LRB Number: LRB - 3598

Version: "/ 1 "

Entered In Computer And Copy Sent To Requestor Via E-Mail: 09/21 / 2001

Fiscal Estimate Prepared By: (agency abbr.) DOR

If you have questions about the attached fiscal estimate, you may contact the agency/individual who prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

* * * * *

To: LRB – Legal Section PA's

Subject: Fiscal Estimate Received For A Un-Introduced Draft

- If this is **re-drafted** to a new version please attach this early fiscal estimate to the back of the draft's file between the old version and the new version.
- If this draft gets **introduced** ... and the version of the attached fiscal estimate is correct ... please write the drafts intro. number below and give this fiscal estimate to Mike (or Lynn) to process.

THIS DRAFT WAS INTRODUCED AS: 2001

- If this draft gets **introduced** ... and the version of the attached fiscal estimate is for a previous version ... please attach this early fiscal estimate to the back of the draft's file between the old version and the new version. Have Mike (or Lynn) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

Barman, Mike

From: Barman, Mike
Sent: Friday, September 21, 2001 10:00 AM
To: Rep.Hoven
Subject: LRB-3598/1 (FE by DOR - attached - for your review)



FE_Hoven.pdf

FE_Hoven

Fiscal Estimate Narratives

DOR 9/21/01

LRB Number 01-3598/1	Introduction Number	Estimate Type Original
Subject		
Shared revenue payments related to property owned by utilities		

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several changes to the shared revenue utility payment.

(1) **Value limitation:** For municipalities, the utility payment is based on the net book value (original cost less depreciation) of qualifying utility property located in a municipality. For counties, the payment is based on the value in each municipality in the county. Under current law, the value on an individual generating station in a municipality may not exceed \$125 million for payment purposes. Under the bill, the value limit would increase to the following amounts: in 2003, to \$140 million; in 2004, to \$160 million; in 2005, to \$185 million; and in 2006, \$250 million.

(2) **Municipal per capita payment limitation:** Under current law, the utility payment for municipalities (excluding payments for spent nuclear fuel storage) may not exceed \$300 per capita. Under the bill, the per capita limit for municipalities would increase to the following amounts: in 2003, \$450; in 2004, \$650; in 2005, \$950; and in 2006, \$1200.

(3) **County per capita payment limitation:** Under current law, the utility payment for counties (excluding payments for spent nuclear fuel storage) may not exceed \$100 per capita. Under the bill, the per capita limit for counties would increase to the following amounts: in 2003, \$225; in 2004, \$325; in 2005, \$475; and in 2006, \$600.

Based on data for existing plants, the above three changes would increase utility shared revenue payments. For municipalities, the increase would be as follows: in 2003, \$0 (because under a provision of 2001 Wisconsin Act 16 total shared revenue payments to individual municipalities in 2003 will be 101% of their total payments in 2002); in 2004, \$1.5 million; in 2005, \$1.9 million; and in 2006 and thereafter, \$2.4 million. For counties, the increase would be as follows: in 2003, \$1.0 million; in 2004, \$1.4 million; in 2005, \$1.7 million; and in 2006 and thereafter, \$2.2 million.

Under current law, any increases in the shared revenue utility payment are funded by an equal decrease in funding for the aidable revenues portion of the shared revenues formula. Under the bill, any increased utility payments caused by the bill would be funded by an equal increase in the shared revenue appropriation. Thus, this bill would increase state spending as follows: in 2003, \$1.0 million; in 2004, \$2.9 million; in 2005, \$3.6 million; and in 2006 and thereafter, \$4.6 million.

Given the potential for several electric generating plants to be built in the state in the next few years, the actual increase in utility shared revenues compared to current law will likely be higher than the amounts shown above.

(4) **Payment for decommissioned plants:** The bill creates a new payment for municipalities and counties in which an electric generating plant (excluding plants owned by a municipal electric utility since they are exempt from property taxes) is decommissioned. Under current law and the proposal, these plants are returned to the property tax roll when decommissioned. Under the bill, a special payment would be made for such a plant for up to 5 years after its return to the tax roll. Payments would equal the following percentages of the shared revenue utility payment made in the last year the plant was used by the utility (100% in the first year, 80% in the second year, 60% in the third year, 40% in the fourth year, and 20% in the fifth year) minus the property taxes paid to the municipality or county from the plant's owners.

(5) **Payment for certain new generating plants:** Under current law, the payment based on net book value is calculated as that book value times the following mill rates: for property in towns, the town receives 3 mills and the county 6 mills; for property in villages or cities, the municipality receives 6 mills and the county 3 mills. Under the bill, the mill rate would be increased for plants constructed after the effective date of the bill that have a generating capacity of 50 megawatts or more and that are built on the site of an existing power plant or on a

brownfield. The additional payment would start in the year the plant commenced producing electricity. The increase in mill rates would be as follows: for a coal-powered plant, 1 mill for the county and 2 mills for the town, village or city; for a plant that is not coal-powered or nuclear-powered, 1 mill for the county and town, village, or city. There are a large number of electric generating plants being considered for construction in the state in the next several years. The Department does not have enough information about the number of such plants or the type of fuel to be used to make a reasonable estimate of the increase in shared revenues this part of the bill would engender.

Long-Range Fiscal Implications



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-3598/A
JK&MES:cjs:rs

2

RM not R

2001 BILL

m 9-24-01
due Tues 9-25
NOON

1 AN ACT to amend 79.03 (4), 79.04 (1) (a), 79.04 (1) (b) 3., 79.04 (1) (c) 1., 79.04
2 (2) (a), 79.04 (2) (am) 3. and 79.04 (2) (b); to repeal and recreate 79.04 (2) (a);
3 and to create 79.04 (1) (am), 79.04 (1) (c) 4., 79.04 (2) (ad), 79.04 (2) (c) and 79.04
4 (5) of the statutes; relating to: public utility shared revenue payments.

Analysis by the Legislative Reference Bureau

Under current law, generally, the property of a public utility is subject to a state tax rather than local property taxes. Instead of collecting property taxes on such property, municipalities and counties receive payments from the shared revenue account based on the value of public utility property located in the municipalities and counties. The amount of a municipality's payment is equal to the value of public utility property located in the municipality, not exceeding \$125,000,000 for each utility, multiplied by either three mills, for a town, or six mills, for a city or village. However, the payment may not exceed an amount that is equal to \$300 multiplied by the municipality's population. The amount of a county's payment is equal to the value of public utility property located in each municipality within the county, not exceeding \$125,000,000 for each utility, multiplied by either three mills, for a city or village located within the county, or six mills, for a town located within the county. However, the amount of the county's payment may not exceed an amount that is equal to \$100 multiplied by the county's population.

Under this bill, the amount of a municipality's payment related to public utility property is equal to the value of public utility property located in the municipality, not exceeding the following amounts for each utility, multiplied by either three mills,

BILL

for a town, or six mills, for a city or village: in 2003, \$140,000,000; in 2004, \$160,000,000; in 2005, \$185,000,000; in 2006 and subsequent years, \$250,000,000. However, the amount of the payment may not exceed the following amounts multiplied by the municipality's population: in 2003, \$450; in 2004, \$650; in 2005, \$950; in 2006 and subsequent years, \$1,200.

Under the bill, if a power production plant is built on the site of an existing or decommissioned power production plant or on brownfields, and operates at a power production capacity of at least 50 megawatts, the municipality in which the plant is located receives an additional payment equal to the value of the production plant, not exceeding the following amounts, multiplied by one mill, for a production plant that is neither coal-powered nor nuclear-powered, or by two mills, for a production plant that is coal-powered: in 2003, \$140,000,000; in 2004, \$160,000,000; in 2005, \$185,000,000; in 2006 and subsequent years, \$250,000,000.

Under the bill, the amount of a county's payment related to public utility property is equal to the value of public utility property located in the county, not exceeding the following amounts for each utility, multiplied by either three mills, for a city or village located within the county, or six mills, for a town located within the county: in 2003, \$140,000,000; in 2004, \$160,000,000; in 2005, \$185,000,000; in 2006 and subsequent years, \$250,000,000. However, the amount of the payment may not exceed the following amounts multiplied by the county's population: in 2003, \$225; in 2004, \$325; in 2005, \$475; in 2006 and subsequent years, \$600.

Under the bill, if a power production plant is built on the site of an existing or decommissioned power production plant or on brownfields, and operates at a power production capacity of at least 50 megawatts, the county in which the plant is located receives an additional payment equal to the value of the production plant, not exceeding the following amounts, multiplied by one mill, for any production plant that is not nuclear-powered: in 2003, \$140,000,000; in 2004, \$160,000,000; in 2005, \$185,000,000; in 2006 and subsequent years, \$250,000,000.

Under current law, if public utility property is decommissioned and thereby subject to local property taxes, the municipalities and counties in which the property is located no longer receive shared revenue payments based on the value of that property. Under the bill, shared revenue payments related to decommissioned utility property are phased out over five years.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 79.03 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is

2 amended to read:

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1 79.03 (4) In 1991, the total amount to be distributed under ss. 79.03, 79.04, and
 2 79.06 from s. 20.835 (1) (d) is \$869,000,000. In 1992, the total amount to be
 3 distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$885,961,300.
 4 In 1993, the total amount to be distributed under ss. 79.03, 79.04, and 79.06 from s.
 5 20.835 (1) (d) is \$903,680,500. In 1994, the total amounts to be distributed under this
 6 section and ss. 79.04 and 79.06 from s. 20.835 (1) (d) are \$746,547,500 to
 7 municipalities and \$168,981,800 to counties. Beginning in 1995 and ending in 2001,
 8 the total amounts to be distributed under ss. 79.03, 79.04 and 79.06 from s. 20.835
 9 (1) (d) are \$761,478,000 to municipalities and \$168,981,800 to counties. In 2002, the
 10 total amounts to be distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1)
 11 (d) are \$769,092,800 to municipalities and \$170,671,600 to counties. In 2003 and
 12 subsequent years, the total ~~amounts~~ amount to be distributed under ss. 79.03, 79.04,

13 and 79.06 from s. 20.835 (1) (d) are to municipalities is the sum of \$776,783,700 and
 14 the ~~difference between the~~ amount ~~that would be~~ distributed to municipalities under
 15 s. 79.04, ~~1999 states, and~~ less that would be the amount distributed to municipalities under s. 79.04.

16 In 2003 and subsequent years, the total amount to be distributed under ss. 79.03,
 17 79.04, and 79.06 from s. 20.835 (1) (d) to counties is the sum of \$172,378,300 and the

18 ~~difference between the~~ amount ~~that would be~~ distributed to counties under s. 79.04,
 19 ~~1999 states, and~~ less that would be the amount distributed to counties under s. 79.04. 1999 states

20 **SECTION 2.** 79.04 (1) (a) of the statutes is amended to read:

21 79.04 (1) (a) An Except as provided in par. (am) and sub. (5), an amount from
 22 the shared revenue account determined by multiplying by 3 mills in the case of a
 23 town, and 6 mills in the case of a city or village, for the distribution in 2002, the first
 24 \$125,000,000; for the distribution in 2003, the first \$140,000,000; for the distribution
 25 in 2004, the first \$160,000,000; for the distribution in 2005, the first \$185,000,000;

1999 states

BILL**SECTION 2**

1 and for the distribution in 2006 and subsequent years, the first \$250,000,000; of the
2 amount shown in the account, plus leased property, of each public utility except
3 qualified wholesale electric companies, as defined in s. 76.28 (1) (gm), on December
4 31 of the preceding year for either “production plant, exclusive of land” and “general
5 structures”, or “work in progress” for production plants and general structures under
6 construction, in the case of light, heat and power companies, electric cooperatives or
7 municipal electric companies, for all property within a municipality in accordance
8 with the system of accounts established by the public service commission or rural
9 electrification administration, less depreciation thereon as determined by the
10 department of revenue and less the value of treatment plant and pollution
11 abatement equipment, as defined under s. 70.11 (21) (a), as determined by the
12 department of revenue plus an amount from the shared revenue account determined
13 by multiplying by 3 mills in the case of a town, and 6 mills in the case of a city or
14 village, of the first \$125,000,000, for the distribution in 2002; the first \$140,000,000,
15 for the distribution in 2003; the first \$160,000,000, for the distribution in 2004; the
16 first \$185,000,000, for the distribution in 2005; and the first \$250,000,000, for the
17 distribution in 2006 and subsequent years; of the total original cost of production
18 plant, general structures and work-in-progress less depreciation, land and
19 approved waste treatment facilities of each qualified wholesale electric company, as
20 defined in s. 76.28 (1) (gm), as reported to the department of revenue of all property
21 within the municipality. The total of amounts, as depreciated, from the accounts of
22 all public utilities for the same production plant is also limited to not more than
23 \$125,000,000. ~~The amount distributable to a municipality in any year shall not~~
24 ~~exceed \$300 times the population of the municipality, for the distribution in 2002;~~
25 \$140,000,000, for the distribution in 2003; \$160,000,000, for the distribution in 2004;

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1 \$185,000,000, for the distribution in 2005; and \$250,000,000, for the distribution in
2 2006 and subsequent years.

3 **SECTION 3.** 79.04 (1) (am) of the statutes is created to read:

4 79.04 (1) (am) The amount distributable to a municipality under par. (a) shall
5 not exceed the following:

6 1. For the distribution in 2002, an amount equal to the municipality's
7 population multiplied by \$300.

8 2. For the distribution in 2003, an amount equal to the municipality's
9 population multiplied by \$450.

10 3. For the distribution in 2004, an amount equal to the municipality's
11 population multiplied by \$650.

12 4. For the distribution in 2005, an amount equal to the municipality's
13 population multiplied by \$950.

14 5. For the distribution in 2006 and subsequent years, an amount equal to the
15 municipality's population multiplied by \$1,200.

16 **SECTION 4.** 79.04 (1) (b) 3. of the statutes is amended to read:

17 79.04 (1) (b) 3. The amount of a distribution under this paragraph, as affected
18 by subd. 1., may not exceed the per capita amount established under par. ~~(a)~~ (am).

19 **SECTION 5.** 79.04 (1) (c) 1. of the statutes is amended to read:

20 79.04 (1) (c) 1. The payment for any municipality in which a production plant
21 is located, which the public service commission certifies to the department of revenue
22 will produce a nominal rated capacity of 200 megawatts or more, shall be no less than
23 \$75,000 annually, except that the amount distributable to a municipality in any year
24 shall not exceed the per capita limit specified in par. (a) ~~(am)~~. ^{strike period} ~~Payments under this~~

23
24

strike period
6

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SECTION 5

Sec. #, re; 79.04(1)(c)3.

1 ~~paragraph may be extended to decommissioned production plants as provided in~~

2 ~~subd. 3~~ (am)

3 **SECTION 6.** 79.04 (1) (c) 4. of the statutes is created to read:

4 79.04 (1) (c) 4. Beginning with the distributions in 2003, if property that was
5 exempt from the property tax under s. 70.112 (4) and that was used to generate power
6 by a light, heat, or power company, except property under s. 66.0813, is
7 decommissioned, the municipality shall be paid an amount calculated by subtracting
8 an amount equal to the property taxes paid for that property during the current year
9 to the municipality for its general operations from the following percentages of the
10 payment that the municipality received under this section during the last year that
11 the property was exempt from the property tax:

12 a. In the first year that the property is taxable, 100%.

13 b. In the 2nd year that the property is taxable, 80%.

14 c. In the 3rd year that the property is taxable, 60%.

15 d. In the 4th year that the property is taxable, 40%.

16 e. In the 5th year that the property is taxable, 20%.

17 **SECTION 7.** 79.04 (2) (a) of the statutes is amended to read:

18 79.04 (2) (a) Annually Except as provided in par. (ad) and sub. (5), annually,
19 the department of administration, upon certification by the department of revenue,
20 shall distribute from the shared revenue account to any county having within its
21 boundaries a production plant or a general structure, including production plants
22 and general structures under construction, used by a light, heat or power company
23 assessed under s. 76.28 (2), except property described in s. 66.0813 unless the
24 production plant is owned or operated by a local governmental unit that is located
25 outside of the municipality in which the production plant is located, or by an electric

BILL

1 cooperative assessed under ss. 76.07 and 76.48, respectively, or by a municipal
2 electric company under s. 66.0825 an amount determined by multiplying by 6 mills
3 in the case of property in a town and by 3 mills in the case of property in a city or
4 village, for the distribution in 2002, the first \$125,000,000; for the distribution in
5 2003, the first \$140,000,000; for the distribution in 2004, the first \$160,000,000; for
6 the distribution in 2005, the first \$185,000,000; and for the distribution in 2006 and
7 subsequent years, the first \$250,000,000; of the amount shown in the account, plus
8 leased property, of each public utility except qualified wholesale electric companies,
9 as defined in s. 76.28 (1) (gm), on December 31 of the preceding year for either
10 “production plant, exclusive of land” and “general structures”, or “work in progress”
11 for production plants and general structures under construction, in the case of light,
12 heat and power companies, electric cooperatives or municipal electric companies, for
13 all property within the municipality in accordance with the system of accounts
14 established by the public service commission or rural electrification administration,
15 less depreciation thereon as determined by the department of revenue and less the
16 value of treatment plant and pollution abatement equipment, as defined under s.
17 70.11 (21) (a), as determined by the department of revenue plus an amount from the
18 shared revenue account determined by multiplying by 6 mills in the case of property
19 in a town, and 3 mills in the case of property in a city or village, of the total original
20 cost of production plant, general structures and work-in-progress less depreciation,
21 land and approved waste treatment facilities of each qualified wholesale electric
22 company, as defined in s. 76.28 (1) (gm), as reported to the department of revenue of
23 all property within the municipality. The total of amounts, as depreciated, from the
24 accounts of all public utilities for the same production plant is also limited to not
25 more than \$125,000,000. ~~The amount distributable to a county in any year shall not~~

BILL**SECTION 7**

1 ~~exceed \$100 times the population of the county, for the distribution in 2002;~~
2 ~~\$140,000,000, for the distribution in 2003; \$160,000,000, for the distribution in 2004;~~
3 ~~\$185,000,000, for the distribution in 2005; and \$250,000,000, for the distribution in~~
4 ~~2006 and subsequent years.~~

5 **SECTION 8.** 79.04 (2) (a) of the statutes, as affected by 2001 Wisconsin Acts 16
6 and (this act) is repealed and recreated to read:

7 79.04 (2) (a) Except as provided in par. (ad) and sub. (5), annually, the
8 department of administration, upon certification by the department of revenue, shall
9 distribute from the shared revenue account to any county having within its
10 boundaries a production plant or a general structure, including production plants
11 and general structures under construction, used by a light, heat or power company
12 assessed under s. 76.28 (2) or 76.29 (2), except property described in s. 66.0813 unless
13 the production plant is owned or operated by a local governmental unit that is located
14 outside of the municipality in which the production plant is located, or by an electric
15 cooperative assessed under ss. 76.07 and 76.48, respectively, or by a municipal
16 electric company under s. 66.0825 an amount determined by multiplying by 6 mills
17 in the case of property in a town and by 3 mills in the case of property in a city or
18 village, for the distribution in 2002, the first \$125,000,000; for the distribution in
19 2003, the first \$140,000,000; for the distribution in 2004, the first \$160,000,000; for
20 the distribution in 2005, the first \$185,000,000; and for the distribution in 2006 and
21 subsequent years, the first \$250,000,000; of the amount shown in the account, plus
22 leased property, of each public utility except qualified wholesale electric companies,
23 as defined in s. 76.28 (1) (gm), on December 31 of the preceding year for either
24 “production plant, exclusive of land” and “general structures”, or “work in progress”
25 for production plants and general structures under construction, in the case of light,

BILL

1 heat and power companies, electric cooperatives or municipal electric companies, for
2 all property within the municipality in accordance with the system of accounts
3 established by the public service commission or rural electrification administration,
4 less depreciation thereon as determined by the department of revenue and less the
5 value of treatment plant and pollution abatement equipment, as defined under s.
6 70.11 (21) (a), as determined by the department of revenue plus an amount from the
7 shared revenue account determined by multiplying by 6 mills in the case of property
8 in a town, and 3 mills in the case of property in a city or village, of the total original
9 cost of production plant, general structures and work-in-progress less depreciation,
10 land and approved waste treatment facilities of each qualified wholesale electric
11 company, as defined in s. 76.28 (1) (gm), as reported to the department of revenue of
12 all property within the municipality. The total of amounts, as depreciated, from the
13 accounts of all public utilities for the same production plant is also limited to not
14 more than \$125,000,000, for the distribution in 2002; \$140,000,000, for the
15 distribution in 2003; \$160,000,000, for the distribution in 2004; \$185,000,000, for the
16 distribution in 2005; and \$250,000,000, for the distribution in 2006 and subsequent
17 years.

18 **SECTION 9.** 79.04 (2) (ad) of the statutes is created to read:

19 79.04 (2) (ad) The amount distributable to a county under par. (a) shall not
20 exceed the following:

21 1. For the distribution in 2002, an amount equal to the county's population
22 multiplied by \$100.

23 2. For the distribution in 2003, an amount equal to the county's population
24 multiplied by \$225.

BILL**SECTION 9**

1 3. For the distribution in 2004, an amount equal to the county's population
2 multiplied by \$325.

3 4. For the distribution in 2005, an amount equal to the county's population
4 multiplied by \$475.

5 5. For the distribution in 2006 and subsequent years, an amount equal to the
6 county's population multiplied by \$600.

7 **SECTION 10.** 79.04 (2) (am) 3. of the statutes is amended to read:

8 79.04 (2) (am) 3. The amount of a distribution under this paragraph, as affected
9 by subd. 1., may not exceed the per capita amount established under par. ~~(a)~~ (ad).

10 **SECTION 11.** 79.04 (2) (b) of the statutes is amended to read:

11 79.04 (2) (b) The payment under par. (a) for any county in which a production
12 plant is located, which the public service commission certifies to the department of
13 revenue will produce a nominal rated capacity of 200 megawatts or more, shall be
14 not less than \$75,000 annually, except that the amount distributable to a county in
15 any year shall not exceed the per capita limit specified in par. ~~(a)~~ (ad).

16 **SECTION 12.** 79.04 (2) (c) of the statutes is created to read:

17 79.04 (2) (c) Beginning with the distributions in 2003, if property that was
18 exempt from the property tax under s. 70.112 (4) and that was used to generate power
19 by a light, heat, or power company, except property under s. 66.0813, is
20 decommissioned, the county shall be paid an amount calculated by subtracting an
21 amount equal to the property taxes paid for that property during the current year
22 to the county for its general operations from the following percentages of the
23 payment the county received under this section during the last year that the property
24 was exempt from the property tax:

25 1. In the first year that the property is taxable, 100%.

BILL

- 1 2. In the 2nd year that the property is taxable, 80%.
- 2 3. In the 3rd year that the property is taxable, 60%.
- 3 4. In the 4th year that the property is taxable, 40%.
- 4 5. In the 5th year that the property is taxable, 20%.

SECTION 13. 79.04 (5) of the statutes is created to read:

6 79.04 (5) (a) If a production plant, other than a coal-powered or
 7 nuclear-powered production plant, is built on the site of an existing or
 8 decommissioned production plant or on brownfields, as defined in s. 560.13 (1) (a),
 9 after the effective date of this paragraph [revisor inserts date], and is operating
 10 at a total power production capacity of at least 50 megawatts, the city, village, or town
 11 in which the plant is located shall receive annually an additional payment from the
 12 department of administration equal to the portion of the amount in the account for
 13 the "production plant, exclusive of land" that is used to calculate a payment under
 14 sub. (1) (a) multiplied by one mill, and the county in which the plant is located shall
 15 receive annually an additional payment from the department of administration
 16 equal to the portion of the amount in the account for the "production plant, exclusive
 17 of land" that is used to calculate a payment under sub. (2) (a) multiplied by one mill.

18 (b) If a coal-powered production plant is built on the site of an existing or
 19 decommissioned production plant or on brownfields, as defined in s. 560.13 (1) (a),
 20 after the effective date of this paragraph [revisor inserts date], and is operating
 21 at a total power production capacity of at least 50 megawatts, the city, village, or town
 22 in which the plant is located shall receive annually an additional payment from the
 23 department of administration equal to the portion of the amount in the account for
 24 the "production plant, exclusive of land" that is used to calculate a payment under
 25 sub. (1) (a) multiplied by 2 mills, and the county in which the plant is located shall

INSERT A

as a condition of the... sale electric company...

BILL

1 receive annually an additional payment from the department of administration
2 equal to the portion of the amount in the account for the "production plant, exclusive
3 of land" that is used to calculate a payment under sub. (2) (a) multiplied by one mill.

4 **SECTION 14. Effective dates.** This act takes effect on the day after publication,
5 except as follows:

6 (1) The repeal and recreation of section 79.04 (2) (a) of the statutes takes effect
7 on January 1, 2002.

8 (END)

INSERT A

*see of ...
...
...*

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, " less depreciation and ~~less~~ the value of treatment plant and pollution abatement equipment, as described under s. 10.11(21)(a); and ^{for} the total original cost of production plant, general structures, and ~~work-in-progress~~ of each qualified wholesale electric company, as defined in s. 76.28(1)(gm), less depreciation, land, and approved waste facilities;



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-3598/2
JK&MES:cjs:jf

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RMRT starts

2001 ASSEMBLY BILL

Under this bill, beginning in 2003, the payments to municipalities and counties related to public utility property is paid from the public utility distribution account, which is created by the bill, instead of the shared revenue account.

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~~FDW~~

re-gen

1 AN ACT to repeal 79.04 (1) (c) 3.; to amend 79.03 (4), 79.04 (1) (a), 79.04 (1) (b)
2 3., 79.04 (1) (c) 1., 79.04 (2) (a), 79.04 (2) (am) 3. and 79.04 (2) (b); to repeal and
3 recreate 79.04 (2) (a); and to create 79.04 (1) (am), 79.04 (1) (c) 4., 79.04 (2)
4 (ad), 79.04 (2) (c) and 79.04 (5) of the statutes; relating to: public utility shared
5 revenue payments and making an appropriation ✓

Analysis by the Legislative Reference Bureau

Under current law, generally, the property of a public utility is subject to a state tax rather than local property taxes. Instead of collecting property taxes on such property, municipalities and counties receive payments from the shared revenue account based on the value of public utility property located in the municipalities and counties. The amount of a municipality's payment is equal to the value of public utility property located in the municipality, not exceeding \$125,000,000 for each utility, multiplied by either three mills, for a town, or six mills, for a city or village. However, the payment may not exceed an amount that is equal to \$300 multiplied by the municipality's population. The amount of a county's payment is equal to the value of public utility property located in each municipality within the county, not exceeding \$125,000,000 for each utility, multiplied by either three mills, for a city or village located within the county, or six mills, for a town located within the county. However, the amount of the county's payment may not exceed an amount that is equal to \$100 multiplied by the county's population.

Under this bill, the amount of a municipality's payment related to public utility property is equal to the value of public utility property located in the municipality,

the no ft

ASSEMBLY BILL

not exceeding the following amounts for each utility, multiplied by either three mills, for a town, or six mills, for a city or village: in 2003, \$140,000,000; in 2004, \$160,000,000; in 2005, \$185,000,000; in 2006 and subsequent years, \$250,000,000. However, the amount of the payment may not exceed the following amounts multiplied by the municipality's population: in 2003, \$450; in 2004, \$650; in 2005, \$950; in 2006 and subsequent years, \$1,200.

Under the bill, if a power production plant is built on the site of an existing or decommissioned power production plant or on brownfields, and operates at a power production capacity of at least 50 megawatts, the municipality in which the plant is located receives an additional payment equal to the value of the production plant, not exceeding the following amounts, multiplied by one mill, for a production plant that is neither coal-powered nor nuclear-powered, or by two mills, for a production plant that is coal-powered: in 2003, \$140,000,000; in 2004, \$160,000,000; in 2005, \$185,000,000; in 2006 and subsequent years, \$250,000,000.

Under the bill, the amount of a county's payment related to public utility property is equal to the value of public utility property located in the county, not exceeding the following amounts for each utility, multiplied by either three mills, for a city or village located within the county, or six mills, for a town located within the county: in 2003, \$140,000,000; in 2004, \$160,000,000; in 2005, \$185,000,000; in 2006 and subsequent years, \$250,000,000. However, the amount of the payment may not exceed the following amounts multiplied by the county's population: in 2003, \$225; in 2004, \$325; in 2005, \$475; in 2006 and subsequent years, \$600.

Under the bill, if a power production plant is built on the site of an existing or decommissioned power production plant or on brownfields, and operates at a power production capacity of at least 50 megawatts, the county in which the plant is located receives an additional payment equal to the value of the production plant, not exceeding the following amounts, multiplied by one mill, for any production plant that is not nuclear-powered: in 2003, \$140,000,000; in 2004, \$160,000,000; in 2005, \$185,000,000; in 2006 and subsequent years, \$250,000,000.

Under current law, if public utility property is decommissioned and thereby subject to local property taxes, the municipalities and counties in which the property is located no longer receive shared revenue payments based on the value of that property. Under the bill, shared revenue payments related to decommissioned utility property are phased out over five years.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

SECTION 1. 79.03 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is amended to read:

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ASSEMBLY BILL

1 79.03 (4) In 1991, the total amount to be distributed under ss. 79.03, 79.04, and
 2 79.06 from s. 20.835 (1) (d) is \$869,000,000. In 1992, the total amount to be
 3 distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1) (d) is \$885,961,300.
 4 In 1993, the total amount to be distributed under ss. 79.03, 79.04, and 79.06 from s.
 5 20.835 (1) (d) is \$903,680,500. In 1994, the total amounts to be distributed under this
 6 section and ss. 79.04 and 79.06 from s. 20.835 (1) (d) are \$746,547,500 to
 7 municipalities and \$168,981,800 to counties. Beginning in 1995 and ending in 2001,
 8 the total amounts to be distributed under ss. 79.03, 79.04 and 79.06 from s. 20.835
 9 (1) (d) are \$761,478,000 to municipalities and \$168,981,800 to counties. In 2002, the
 10 total amounts to be distributed under ss. 79.03, 79.04, and 79.06 from s. 20.835 (1)
 11 (d) are \$769,092,800 to municipalities and \$170,671,600 to counties. In 2003 and
 12 subsequent years, the total ~~amounts~~ amount to be distributed under ss. 79.03, ~~79.04,~~
 13 and 79.06 from s. 20.835 (1) (d) ~~are to municipalities is ~~the sum of~~ \$776,783,700 and~~
 14 the amount ^{that would be} distributed to municipalities under s. 79.04, ~~less the amount that would~~
 15 ~~be distributed to municipalities under s. 79.04,~~ 1999 stats. In 2003 and subsequent
 16 years, the total amount to be distributed under ss. 79.03 ~~and~~ and 79.06 from s.
 17 20.835 (1) (d) to counties is ~~the sum of~~ \$172,378,300 ~~and~~ ^{less that would be} the amount distributed to
 18 counties under s. 79.04, ~~less the amount that would be distributed to counties under~~
 19 ~~s. 79.04,~~ 1999 stats.

20 SECTION 2. 79.04 (1) (a) of the statutes is amended to read:

21 79.04 (1) (a) ~~An~~ Except as provided in par. (am) and sub. (5), an amount from
 22 the shared revenue account determined by multiplying by 3 mills in the case of a
 23 town, and 6 mills in the case of a city or village, for the distribution in 2002, the first
 24 \$125,000,000; for the distribution in 2003, the first \$140,000,000; for the distribution
 25 in 2004, the first \$160,000,000; for the distribution in 2005, the first \$185,000,000;

in 2002, and from the public utility account in 2003 and
subsequent years, distribution

ASSEMBLY BILL

1 and for the distribution in 2006 and subsequent years, the first \$250,000,000; of the
2 amount shown in the account, plus leased property, of each public utility except
3 qualified wholesale electric companies, as defined in s. 76.28 (1) (gm), on December
4 31 of the preceding year for either "production plant, exclusive of land" and "general
5 structures", or "work in progress" for production plants and general structures under
6 construction, in the case of light, heat and power companies, electric cooperatives or
7 municipal electric companies, for all property within a municipality in accordance
8 with the system of accounts established by the public service commission or rural
9 electrification administration, less depreciation thereon as determined by the
10 department of revenue and less the value of treatment plant and pollution
11 abatement equipment, as defined under s. 70.11 (21) (a), as determined by the
12 department of revenue plus an amount from the shared revenue account determined
13 by multiplying by 3 mills in the case of a town, and 6 mills in the case of a city or
14 village, of the first \$125,000,000, for the distribution in 2002; the first \$140,000,000,
15 for the distribution in 2003; the first \$160,000,000, for the distribution in 2004; the
16 first \$185,000,000, for the distribution in 2005; and the first \$250,000,000, for the
17 distribution in 2006 and subsequent years; of the total original cost of production
18 plant, general structures and work-in-progress less depreciation, land and
19 approved waste treatment facilities of each qualified wholesale electric company, as
20 defined in s. 76.28 (1) (gm), as reported to the department of revenue of all property
21 within the municipality. The total of amounts, as depreciated, from the accounts of
22 all public utilities for the same production plant is also limited to not more than
23 \$125,000,000. ~~The amount distributable to a municipality in any year shall not~~
24 ~~exceed \$300 times the population of the municipality, for the distribution in 2002;~~
25 \$140,000,000, for the distribution in 2003; \$160,000,000, for the distribution in 2004;

in 2002, and from the public utility account in 2003
and subsequent years, distribution

ASSEMBLY BILL

1 \$185,000,000, for the distribution in 2005; and \$250,000,000, for the distribution in
2 2006 and subsequent years.

3 **SECTION 3.** 79.04 (1) (am) of the statutes is created to read:

4 79.04 (1) (am) The amount distributable to a municipality under par. (a) shall
5 not exceed the following:

6 1. For the distribution in 2002, an amount equal to the municipality's
7 population multiplied by \$300.

8 2. For the distribution in 2003, an amount equal to the municipality's
9 population multiplied by \$450.

10 3. For the distribution in 2004, an amount equal to the municipality's
11 population multiplied by \$650.

12 4. For the distribution in 2005, an amount equal to the municipality's
13 population multiplied by \$950.

14 5. For the distribution in 2006 and subsequent years, an amount equal to the
15 municipality's population multiplied by \$1,200.

16 **SECTION 4.** 79.04 (1) (b) 3. of the statutes is amended to read:

17 79.04 (1) (b) 3. The amount of a distribution under this paragraph, as affected
18 by subd. 1., may not exceed the per capita amount established under par. (a) (am).

19 **SECTION 5.** 79.04 (1) (c) 1. of the statutes is amended to read:

20 79.04 (1) (c) 1. The payment for any municipality in which a production plant
21 is located, which the public service commission certifies to the department of revenue
22 will produce a nominal rated capacity of 200 megawatts or more, shall be no less than
23 \$75,000 annually, except that the amount distributable to a municipality in any year
24 shall not exceed the per capita limit specified in par. (a). ~~Payments under this~~

ASSEMBLY BILL

or by an electric cooperative,

1 ~~paragraph may be extended to decommissioned production plants as provided in~~
2 ~~subd. 3 (am).~~

3 SECTION 6. 79.04 (1) (c) 3. of the statutes is repealed.

4 SECTION 7. 79.04 (1) (c) 4. of the statutes is created to read:

5 79.04 (1) (c) 4. Beginning with the distributions in 2003, if property that was
6 exempt from the property tax under s. 70.112 (4) and that was used to generate power
7 by a light, heat, or power company, except property under s. 66.0813, is
8 decommissioned, the municipality shall be paid an amount calculated by subtracting
9 an amount equal to the property taxes paid for that property during the current year
10 to the municipality for its general operations from the following percentages of the
11 payment that the municipality received under this section during the last year that
12 the property was exempt from the property tax:

- 13 a. In the first year that the property is taxable, 100%.
- 14 b. In the 2nd year that the property is taxable, 80%.
- 15 c. In the 3rd year that the property is taxable, 60%.
- 16 d. In the 4th year that the property is taxable, 40%.
- 17 e. In the 5th year that the property is taxable, 20%.

18 SECTION 8. 79.04 (2) (a) of the statutes is amended to read:

19 79.04 (2) (a) Annually Except as provided in par. (ad) and sub. (5), annually,
20 the department of administration, upon certification by the department of revenue,
21 shall distribute from the shared revenue account) to any county having within its
22 boundaries a production plant or a general structure, including production plants
23 and general structures under construction, used by a light, heat or power company
24 assessed under s. 76.28 (2), except property described in s. 66.0813 unless the
25 production plant is owned or operated by a local governmental unit that is located

*in 2002, and from the public utility account in 2003 and
subsequent years, distribution*

ASSEMBLY BILL

1 outside of the municipality in which the production plant is located, or by an electric
 2 cooperative assessed under ss. 76.07 and 76.48, respectively, or by a municipal
 3 electric company under s. 66.0825 an amount determined by multiplying by 6 mills
 4 in the case of property in a town and by 3 mills in the case of property in a city or
 5 village, for the distribution in 2002, the first \$125,000,000; for the distribution in
 6 2003, the first \$140,000,000; for the distribution in 2004, the first \$160,000,000; for
 7 the distribution in 2005, the first \$185,000,000; and for the distribution in 2006 and
 8 subsequent years, the first \$250,000,000; of the amount shown in the account, plus
 9 leased property, of each public utility except qualified wholesale electric companies,
 10 as defined in s. 76.28 (1) (gm), on December 31 of the preceding year for either
 11 "production plant, exclusive of land" and "general structures", or "work in progress"
 12 for production plants and general structures under construction, in the case of light,
 13 heat and power companies, electric cooperatives or municipal electric companies, for
 14 all property within the municipality in accordance with the system of accounts
 15 established by the public service commission or rural electrification administration,
 16 less depreciation thereon as determined by the department of revenue and less the
 17 value of treatment plant and pollution abatement equipment, as defined under s.
 18 70.11 (21) (a), as determined by the department of revenue plus an amount from the
 19 shared revenue account determined by multiplying by 6 mills in the case of property
 20 in a town, and 3 mills in the case of property in a city or village, of the total original
 21 cost of production plant, general structures and work-in-progress less depreciation,
 22 land and approved waste treatment facilities of each qualified wholesale electric
 23 company, as defined in s. 76.28 (1) (gm), as reported to the department of revenue of
 24 all property within the municipality. The total of amounts, as depreciated, from the
 25 accounts of all public utilities for the same production plant is also limited to not

in 2002, and from the public utility account in 2003
and subsequent years, distribution

ASSEMBLY BILL

SECTION 8

1 more than \$125,000,000. ~~The amount distributable to a county in any year shall not~~
2 ~~exceed \$100 times the population of the county, for the distribution in 2002;~~
3 \$140,000,000, for the distribution in 2003; \$160,000,000, for the distribution in 2004;
4 \$185,000,000, for the distribution in 2005; and \$250,000,000, for the distribution in
5 2006 and subsequent years.

6 SECTION 9. 79.04 (2) (a) of the statutes, as affected by 2001 Wisconsin Acts 16
7 and (this act) is repealed and recreated to read:

8 79.04 (2) (a) Except as provided in par. (ad) and sub. (5), annually, the
9 department of administration, upon certification by the department of revenue, shall
10 distribute from the shared revenue account) to any county having within its
11 boundaries a production plant or a general structure, including production plants
12 and general structures under construction, used by a light, heat or power company
13 assessed under s. 76.28 (2) or 76.29 (2), except property described in s. 66.0813 unless
14 the production plant is owned or operated by a local governmental unit that is located
15 outside of the municipality in which the production plant is located, or by an electric
16 cooperative assessed under ss. 76.07 and 76.48, respectively, or by a municipal
17 electric company under s. 66.0825 an amount determined by multiplying by 6 mills
18 in the case of property in a town and by 3 mills in the case of property in a city or
19 village, for the distribution in 2002, the first \$125,000,000; for the distribution in
20 2003, the first \$140,000,000; for the distribution in 2004, the first \$160,000,000; for
21 the distribution in 2005, the first \$185,000,000; and for the distribution in 2006 and
22 subsequent years, the first \$250,000,000; of the amount shown in the account, plus
23 leased property, of each public utility except qualified wholesale electric companies,
24 as defined in s. 76.28 (1) (gm), on December 31 of the preceding year for either
25 "production plant, exclusive of land" and "general structures", or "work in progress"

*in 2002, and from the public utility account in 2003
and subsequent years, distribution*

ASSEMBLY BILL

1 for production plants and general structures under construction, in the case of light,
2 heat and power companies, electric cooperatives or municipal electric companies, for
3 all property within the municipality in accordance with the system of accounts
4 established by the public service commission or rural electrification administration,
5 less depreciation thereon as determined by the department of revenue and less the
6 value of treatment plant and pollution abatement equipment, as defined under s.
7 70.11 (21) (a), as determined by the department of revenue plus an amount from the
8 shared revenue account determined by multiplying by 6 mills in the case of property
9 in a town, and 3 mills in the case of property in a city or village, of the total original
10 cost of production plant, general structures and work-in-progress less depreciation,
11 land and approved waste treatment facilities of each qualified wholesale electric
12 company, as defined in s. 76.28 (1) (gm), as reported to the department of revenue of
13 all property within the municipality. The total of amounts, as depreciated, from the
14 accounts of all public utilities for the same production plant is also limited to not
15 more than \$125,000,000, for the distribution in 2002; \$140,000,000, for the
16 distribution in 2003; \$160,000,000, for the distribution in 2004; \$185,000,000, for the
17 distribution in 2005; and \$250,000,000, for the distribution in 2006 and subsequent
18 years.

19 SECTION 10. 79.04 (2) (ad) of the statutes is created to read:

20 79.04 (2) (ad) The amount distributable to a county under par. (a) shall not
21 exceed the following:

22 1. For the distribution in 2002, an amount equal to the county's population
23 multiplied by \$100.

24 2. For the distribution in 2003, an amount equal to the county's population
25 multiplied by \$225.

*in 2002, and from the public utility account in 2003
and subsequent years, distribution*

ASSEMBLY BILL

1 3. For the distribution in 2004, an amount equal to the county's population
2 multiplied by \$325.

3 4. For the distribution in 2005, an amount equal to the county's population
4 multiplied by \$475.

5 5. For the distribution in 2006 and subsequent years, an amount equal to the
6 county's population multiplied by \$600.

7 **SECTION 11.** 79.04 (2) (am) 3. of the statutes is amended to read:

8 79.04 (2) (am) 3. The amount of a distribution under this paragraph, as affected
9 by subd. 1., may not exceed the per capita amount established under par. (a) (ad).

10 **SECTION 12.** 79.04 (2) (b) of the statutes is amended to read:

11 79.04 (2) (b) The payment under par. (a) for any county in which a production
12 plant is located, which the public service commission certifies to the department of
13 revenue will produce a nominal rated capacity of 200 megawatts or more, shall be
14 not less than \$75,000 annually, except that the amount distributable to a county in
15 any year shall not exceed the per capita limit specified in par. (a) (ad).

16 **SECTION 13.** 79.04 (2) (c) of the statutes is created to read:

17 79.04 (2) (c) Beginning with the distributions in 2003, if property that was
18 exempt from the property tax under s. 70.112 (4) and that was used to generate power
19 by a light, heat, or power company, except property under s. 66.0813, is
20 decommissioned, the county shall be paid an amount calculated by subtracting an
21 amount equal to the property taxes paid for that property during the current year
22 to the county for its general operations from the following percentages of the
23 payment the county received under this section during the last year that the property
24 was exempt from the property tax:

25 1. In the first year that the property is taxable, 100%.

or by an electric cooperative,

ASSEMBLY BILL

1 2. In the 2nd year that the property is taxable, 80%.

2 3. In the 3rd year that the property is taxable, 60%.

3 4. In the 4th year that the property is taxable, 40%.

4 5. In the 5th year that the property is taxable, 20%.

5 **SECTION 14.** 79.04 (5) of the statutes is created to read:

6 79.04 (5) (a) If a production plant, other than a coal-powered or
7 nuclear-powered production plant, is built on the site of an existing or
8 decommissioned production plant or on brownfields, as defined in s. 560.13 (1) (a),
9 after the effective date of this paragraph ... [revisor inserts date], and is operating
10 at a total power production capacity of at least 50 megawatts, the city, village, or town
11 in which the plant is located shall receive annually an additional payment from the
12 department of administration equal to the portion of the amount in the account for
13 the “production plant, exclusive of land,” less depreciation and less the value of
14 treatment plant and pollution abatement equipment, as described under s. 70.11 (21)
15 (a); and for the total original cost of production plant, general structures, and
16 work-in-progress of each qualified wholesale electric company, as defined in s. 76.28
17 (1) (gm), less depreciation, land, and approved waste facilities; that is used to
18 calculate a payment under sub. (1) (a) multiplied by one mill, and the county in which
19 the plant is located shall receive annually an additional payment from the
20 department of administration equal to the portion of the amount in the account for
21 the “production plant, exclusive of land,” less depreciation and less the value of
22 treatment plant and pollution abatement equipment, as described under s. 70.11 (21)
23 (a); and for the total original cost of production plant, general structures, and
24 work-in-progress of each qualified wholesale electric company, as defined in s. 76.28

ASSEMBLY BILL

1 (1) (gm), less depreciation, land, and approved waste facilities; that is used to
2 calculate a payment under sub. (2) (a) multiplied by one mill.

3 (b) If a coal-powered production plant is built on the site of an existing or
4 decommissioned production plant or on brownfields, as defined in s. 560.13 (1) (a),
5 after the effective date of this paragraph [revisor inserts date], and is operating
6 at a total power production capacity of at least 50 megawatts, the city, village, or town
7 in which the plant is located shall receive annually an additional payment from the
8 department of administration equal to the portion of the amount in the account for
9 the "production plant, exclusive of land," less depreciation and less the value of
10 treatment plant and pollution abatement equipment, as described under s. 70.11 (21)
11 (a); and for the total original cost of production plant, general structures, and
12 work-in-progress of each qualified wholesale electric company, as defined in s. 76.28
13 (1) (gm), less depreciation, land, and approved waste facilities; that is used to
14 calculate a payment under sub. (1) (a) multiplied by 2 mills, and the county in which
15 the plant is located shall receive annually an additional payment from the
16 department of administration equal to the portion of the amount in the account for
17 the "production plant, exclusive of land," less depreciation and less the value of
18 treatment plant and pollution abatement equipment, as described under s. 70.11 (21)
19 (a); and for the total original cost of production plant, general structures, and
20 work-in-progress of each qualified wholesale electric company, as defined in s. 76.28
21 (1) (gm), less depreciation, land, and approved waste facilities; that is used to
22 calculate a payment under sub. (2) (a) multiplied by one mill.

23 **SECTION 15. Effective dates.** This act takes effect on the day after publication,

24 except as follows:

INSERT B ✓

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3598/2ins
.JK&MES:cjs:jf

Insert A

1 SECTION 1. 20.835 (1) (d) of the statutes is amended to read:

2 20.835 (1) (d) *Shared revenue account.* A sum sufficient to meet the
3 requirements of the shared revenue account established under s. 79.01 (2) to provide
4 for the distributions from the shared revenue account to counties, towns, villages and
5 cities under ss. 79.03, ~~79.04~~ and 79.06.

History: 1971 c. 125 ss. 192 to 195, 521; 1971 c. 215; 1973 c. 90, 158, 333; 1975 c. 39; 1975 c. 372 s. 41; 1975 c. 424; 1977 c. 29, 31, 313, 418, 447; 1979 c. 34 ss. 637m to 643m, 2102 (46) (d); 1979 c. 221; 1979 c. 329 s. 25 (1); 1979 c. 350 s. 27 (1); 1981 c. 1, 20, 93, 317; 1983 a. 2 ss. 1, 12; 1983 a. 27 ss. 489m, 490m, 2202 (45); 1985 a. 29, 41, 205; 1987 a. 27 ss. 473 to 474r, 476; 1987 a. 92; 1987 a. 312 s. 17; 1987 a. 323, 328, 399, 411, 422; 1989 a. 31 ss. 551 to 557m, 564m; 1989 a. 56 s. 259; 1989 a. 336; 1991 a. 37; 1991 a. 39 ss. 250m, 653m to 659m; 1991 a. 225, 269; 1993 a. 16, 163; 1995 a. 27, 56, 209, 417; 1997 a. 27, 237; 1999 a. 5, 9, 10; 1999 a. 150 s. 672; 1999 a. 167.

6 SECTION 2. 20.835 (1) (dm) of the statutes is created to read:

7 20.835 (1) (dm) *Public utility distribution account.* A sum sufficient to make
8 the payments under s. 79.04.

9 SECTION 3. 79.01 (2) of the statutes is amended to read:

10 79.01 (2) There is established an account in the general fund entitled the
11 "Municipal and County Shared Revenue Account", referred to in this chapter as the
12 "shared revenue account". There shall be appropriated to the shared revenue
13 account the sums specified in ss. s. 79.03 and 79.04.

Handwritten annotations: "scored comma" above line 10; "scored close quote" above line 10; "scored period" above line 11; "scored close quote" above line 11; "strike close quote & comma" above line 12; "scored close quote" above line 12.

History: 1971 c. 125; 1973 c. 90; 1973 c. 243 s. 82; 1973 c. 283, 336; 1975 c. 39; 1977 c. 29, 203; 1979 c. 221; 1989 a. 336; 1993 a. 16, 437; 1999 a. 9.

14 SECTION 4. 79.01 (2m) of the statutes is created to read:

15 79.01 (2m) There is established an account in the general fund entitled the
16 "Public Utility Distribution Account," referred to in this chapter as the "public utility
17 account." There shall be appropriated to the public utility account the sums specified
18 in s. 79.04.

19 SECTION 5. 79.03 (3) (a) of the statutes is amended to read:

20 79.03 (3) (a) The amount in the shared revenue account for municipalities and
21 the amount in the shared revenue account for counties, less the payments under sub.
22 (2) and, for distributions before the distribution in 2003, less the payments under s.

1 79.04, shall be allocated to each municipality and county respectively in proportion
2 to its entitlement. In this paragraph, "entitlement" means the product of aidable
3 revenues and tax base weight.

History: 1971 c. 125, 215, 1973 c. 90; 1975 c. 39; 1977 c. 29, 203, 418; 1979 c. 1; 1979 c. 34 ss. 903s to 905m, 2102 (46) (d); 1979 c. 221; 1981 c. 20, 93, 314, 317; 1983 a. 27, 189; 1985 a. 29, 120; 1987 a. 27, 399; 1989 a. 31, 56, 336; 1991 a. 39, 269; 1993 a. 16, 437, 490; 1995 a. 27; 1997 a. 27, 164, 237; 1999 a. 9; 1999 a. 150 s. 672.

Insert B

4 **SECTION 6.** 79.04 (6) of the statutes is created to read:

5 79.04 (6) (a) Any increase in the total amount of payments to municipalities
6 and counties under this section in any year may not exceed an amount equal to the
7 sum of the revenue collected under ss. 76.28, 76.29, and 76.48 in that year, less an
8 amount equal to the sum of the revenue collected under ss. 76.28 and 76.48 in fiscal
9 year 2000-01.

10 (b) The total amount of the payments to municipalities and counties under this
11 section shall be allocated to each municipality and county in proportion to the total
12 amount of the payments to municipalities and counties calculated under this section
13 in any year in which the total amount of the payments to municipalities and counties
14 calculated under this section exceeds the limit under par. (a).

JK

LEGISLATIVE REFERENCE BUREAU

BILL REQUEST FORM

Legal Section, 5th Floor, 100 N. Hamilton St.
(608) 266-3561

Use of this form is optional. It is often helpful to talk directly with the LRB attorney who will draft the bill.
Use this form only for BILL drafts. Attach more pages if necessary.

Date of request: <i>05 SEPT 01</i>	Legislator or agency requesting this draft: <i>REP. HOVEN</i>
Name/phone number of person submitting request: <i>REP HOVEN 267-2369</i>	
Persons to contact for questions about this draft (names and phone numbers please): <i>Michael Welch 267-2370</i>	
Describe the problem, including any helpful examples. How do you want to solve the problem? <i>PLEASE SEE ATTACHMENT</i>	
If you know of any statute sections that might be affected, please list them or provide a marked (not re-typed) copy.	

Please attach a copy of any correspondence or material that may help us. You may also attach a marked (not re-typed) copy of any LRB draft, or provide its number (e.g., 1997 LRB-2345/1 or 1995 AB-67):

Requests are confidential unless stated otherwise.

May we tell others that we are working on this for you? YES NO

If yes, anyone who asks? YES NO

Any legislator? YES NO ONLY the following persons:

Do you consider this urgent? YES NO If yes, please indicate why:

NOT URGENT, BUT WOULD LIKE AS SOON AS POSSIBLE

Is this request of higher priority than other pending request(s) you have made?

YES NO If yes, please sign your name here:

Drafting Instructions: Changes to LRB 3598/2

Please make the following changes to LRB 3598/2: (AND INCORPORATE INTO A 13)

- Apply the decommissioned power plant provision included in the LRB draft to power plants owned by an electric cooperative. As currently drafted, the decommissioned power plant provision would not apply to electric cooperatives because this provision only applies to property used by a "light, heat, or power company" and under s. 70.112 (4), Stats. Electric cooperative power plants are identified separately from light, heat, or power company power plants. Also, under the utility gross receipts tax law in s. 76.28 (1) (e), Stats., these companies do not include electric cooperatives.
- Statutorily separate utility shared revenues from aidable shared revenues. Although the current LRB draft language would increase total shared revenue appropriations by an amount equal to the increase in utility payments, separating utility shared revenues from aidable shared revenues would be more definitive and allay the fears of many municipalities around the state that do not host power plants.

In making the change, please make sure that municipalities continue to be held harmless as it relates to aidable shared revenues. ?

- State that any increases in utility aid to municipalities and counties cannot exceed the difference between gross receipts tax revenues collected after 2000-01 and gross receipt tax revenues collected in 2000-01. In other words, utility aid payments cannot increase faster than the increase in gross receipt tax revenues.

Also, please specify that if increased utility aid payments do exceed gross receipt tax revenue increases, the increased utility aid payments to municipalities and counties will be prorated.

P.S. Sorry for the constant drafting changes.



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

October 23, 2001

MEMORANDUM

To: Representative Hoven

From: Joseph T. Kreye, Legislative Attorney, (608) 266-2263
Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **2001 AB-584** (LRB-3598/3)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

October 19, 2001

TO: Joseph Kreye
Marc Shovers
Legislative Reference Bureau

FROM: Brian Pahnke
Department of Revenue

SUBJECT: Technical Memorandum on AB 584 Concerning Shared Revenue Utility Payments

Under s. 79.03 (5) (b), as enacted in 2001 Wisconsin Act 16, municipal shared revenue payments for 2002 and 2003 have already been established. Payments in 2002 are set at the payment in 2001 (from the utility payment, the per capita payment, the aidable revenues payment, and the minimum-maximum adjustment) multiplied by 101%. The payment in 2003 is the payment in 2002 multiplied by 101%.

If the author wants the provisions of the bill to affect municipal shared revenue utility payments in 2003, it is necessary to amend s. 79.03 (5) (b) to allow for this to occur.

If you have questions regarding this technical memorandum, please contact: Daniel Huegel at 266-5705.

BP:DH