

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-0965/1	Introduction Number AB-253	
Subject Funding for utility public benefits programs		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Agency/Prepared By DOA/ Kathleen Moore (608) 266-6497	Authorized Signature Paul McMahon (608) 266-1359	Date 4/12/01

Fiscal Estimate Narratives

DOA 4/13/01

LRB Number	01-0965/1	Introduction Number	AB-253	Estimate Type	Original
Subject					
Funding for utility public benefits programs					

Assumptions Used in Arriving at Fiscal Estimate

State Impact

The statewide Wisconsin Focus on Energy program has three sources of funding: 1) public benefits fees collected from nonmunicipal and municipal electric utilities and retail electric cooperatives, 2) transition funds from gas and electric utilities, and 3) voluntary contributions made by customers. AB 253 impacts the first two sources of funding.

Under AB 253, the public benefit fee charged to customers by municipal, nonmunicipal and cooperative utilities is eliminated. This would result in a loss of \$47.5 million (SEG) in annual revenue statewide. Of that amount, DOA public benefit programs would lose \$39.4 million (\$24.4 million for low-income programs and \$15.0 million for energy conservation programs), municipal and cooperative public benefit programs would lose \$6.6 million (split evenly between low-income and energy conservation uses), and farm rewiring programs would lose the remaining \$1.5 million.

AB 253 also makes adjustments to the formula used in calculating the amount of transition funds paid by the utilities to the public benefits SEG fund. It requires DOA to compare the amount of federal funding for low-income home energy (LIHEAP) and weatherization programs with the amount of federal funding received in FFY 2000 for those programs. If the amount received in that year is greater than the amount received in FFY 2000, then the transition funds that gas and electric utilities are required to pay must be decreased by an amount equal to the difference. If the amount of the difference is equal to or greater than the transition funds, then no transition funds are required.

For example, during the FY01 heating season, the department expects to spend \$18.3 million in public benefits funds and \$49.0 million in federal LIHEAP funds for low-income assistance programs (Total = \$67.3 million). In FY02, the effort would be restricted to the amount calculated from comparing total federal funds and transition funds required in AB 253. If federal funds for low-income programs do not change, this amount would total \$49.0 million in federal funds and \$4.6 million in public benefit transition funds. Elimination of the fee revenue would significantly reduce an estimated \$24.4 million from current FY02 estimates.

Finally, transition funds are scheduled to end in 2003. After this, DOA's only source of revenue for the administration of low-income and energy efficiency programs will be federal funds.

Local Impact:

AB 253 eliminates the public benefit fee collected by municipal and cooperative utilities. For utilities that choose not to opt into the statewide program, the fee is their only source of revenue to administer their own low-income and energy efficiency programs. For municipal and cooperative utilities that currently participate in the statewide program, they would no longer be able to participate and would receive no revenue to establish their own programs. It is not known exactly how this will impact local communities.

Long-Range Fiscal Implications

Although this bill does not eliminate the requirement for DOA to administer low-income and energy conservation programs, it does decrease its available revenue and its ability to provide widespread assistance and programs.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 01-0965/1		Introduction Number AB-253	
Subject			
Funding for utility public benefits programs			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		-47,488,900
	TOTAL State Revenues	\$	-\$47,488,900
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-47,488,900	\$
Agency/Prepared By		Authorized Signature	Date
DOA/ Kathleen Moore (608) 266-6497		Paul McMahon (608) 266-1359	4/12/01