



## Fiscal Estimate Narratives

DOR 5/22/2013

LRB Number	13-2204/1	Introduction Number	SB-180	Estimate Type	Original
<b>Description</b>					
Utility aid payments to towns and counties for production plants that generate electricity from wind power					

### Assumptions Used in Arriving at Fiscal Estimate

#### CURRENT LAW

In general, public utilities are exempt from property taxes and taxed instead by the state under Chapter 76 of the statutes. Shared revenue utility payments help localities pay for services provided to tax-exempt utility property. The payments are also viewed as partial compensation for the air pollution, noise, traffic congestion, and land use limitations caused by the presence of utility property.

**Megawatt Payment:** For an electric generating plant that begins operation, is rebuilt, or is repowered after December 31, 2003, a payment of \$2,000 per megawatt (MW) of name-plate generating capacity is made. If the generating plant is in a town, one-third (\$666.67) is paid to the town and two-thirds (\$1,333.33) is paid to the county. If the generating plant is in a village or city, two-thirds (\$1,333.33) is paid to the village or city and one-third (\$666.67) is paid to the county.

**Net Book Value Payment:** For an electric generating plant that was in operation on December 31, 2003, and that has not been rebuilt or repowered, a payment equal to 9 mills on the net book value (original cost less depreciation) of the plant is made. If the generating plant is in a town, one-third (3 mills) is paid to the town and two-thirds (6 mill) is paid to the county. If the generating plant is in a village or city, two-thirds (6 mills) is paid to the village or city, and one-third (3 mills) is paid to the county. The net book value on which this payment is made may not exceed \$125 million for a single generating plant. This net book value payment continues until the payments under the megawatt payment would be greater. At that point, payments for the plant are permanently switched to the megawatt payment discussed above.

#### PROPOSED LAW

Under the bill, for wind power plants whose shared revenue utility payment is calculated under the megawatt payment, the payment of \$2,000 per MW of name-plate capacity would be split between the municipality and county on a 50:50 basis, beginning with the payment in 2013. As a result, the bill would shift shared revenue utility payments between towns and counties, but have no effect on the total of these payments made by the state.

Based on data used in September 2012 by the Department of Revenue (DOR) to estimate shared revenue utility payments for 2013, the bill would increase payments to 12 towns by a total of \$186,800 and decrease payments to 4 counties by a total of \$186,800. The municipalities and counties that would be affected, and the amount of the payment change, are shown in the attachment.

The DOR would incur no costs related to the bill.

### Long-Range Fiscal Implications

**Utility Shared Revenues: Wind Plants on the Megawatt (MW) Payment**

Based on data used to calculate the original estimate (issued September 2012) for Payments in 2013

Total Payment is \$2,000 per Megawatt (MW)

<b>Municipality &amp; County</b>	<b>Generating Capacity (MW)</b>	<b>Current Payment</b>	<b>Proposed Payment</b>	<b>Change in Payment</b>
Town of Glenmore	1.2	800	1,200	400
Brown County	1.2	1,600	1,200	-400
Town of Randolph	97.2	64,800	97,200	32,400
Town of Scott	64.8	43,200	64,800	21,600
Columbia County	162.0	216,000	162,000	-54,000
Town of Herman	54.0	36,000	54,000	18,000
Town of Lomira	18.0	12,000	18,000	6,000
Town of Leroy	55.5	37,000	55,500	18,500
Dodge County	127.5	170,000	127,500	-42,500
Town of Byron	31.3	20,867	31,300	10,433
Town of Calumet	72.6	48,400	72,600	24,200
Town of Eden	36.3	24,200	36,300	12,100
Town of Empire	31.4	20,933	31,400	10,467
Town of Marshfield	72.6	48,400	72,600	24,200
Town of Oakfield	25.5	17,000	25,500	8,500
Fond du Lac County	269.7	359,600	269,700	-89,900
Total - towns	560.4	373,600	560,400	186,800
Total - counties	560.4	747,200	560,400	-186,800

(SB 180 Attachment)