

2019 DRAFTING REQUEST

Assembly Amendment (AA-AB56)

For: Legislative Fiscal Bureau Drafter: mkunkel
By: Drilias Secondary Drafters: jkreye
Date: 5/8/2019 May Contact:
Same as LRB:

Submit via email: YES
Requester's email:
Carbon copy (CC) to: Emma.Drilias@legis.wisconsin.gov
al.runde@legis.wisconsin.gov

Pre Topic:

LFB:.....Drilias -

Topic:

Reduction in municipal video service provider fees and creating a municipal aid payment

Instructions:

See attached

Drafting History:

Table with 6 columns: Vers., Drafted, Reviewed, Submitted, Jacketed, Required. Rows include drafters like jkreye, ccarmich, lparisi, and dwalker with dates.

FE Sent For: <END>

Reduction in Municipal Video Service Provider Fees and Creating a Municipal Aid Payment

Motion:

Move to require municipalities to reduce the percentage that each municipality assessed on video service providers based on their gross receipts on December 31, 2018, by 0.5%, effective January 1, 2020, and by 1.0%, effective January 1, 2021. Create a state aid payment to be administered by DOR to make payments to municipalities to compensate each municipality for the reduction in fee revenues. Create a sum sufficient GPR appropriation to make the aid payments to municipalities. For aid payments distributed in 2020, and each year thereafter, specify that each municipality's payment would equal 0.5% of the gross receipts on which the actual fee revenues were received in 2018. Beginning with aid payments distributed in 2021, and each year thereafter, specify that each municipality's payment would equal 1.0% of the gross receipts on which the actual fee revenues were received in 2019. Aid payments distributed in 2022 through 2029 would equal the aid payments distributed in 2021. Specify that aid payments would be made annually for 10 years, with final payments being distributed in 2029. Beginning in 2020, require DOA, upon certification from DOR, to make payments to municipalities on the fourth Monday of July, 2020 (fiscal year 2020-21).

Require municipalities to do the following: (a) report to DOR by August 15, 2019, 2018 actual video service provider fee revenues and the provider's estimated gross receipts on which the fee revenues are based and by August 15, 2020, 2019 actual video service provider fee revenues and the provider's estimated gross receipts on which the fee revenues are based; (b) specifically report to DOR the actual annual revenues received from the video service provider fee each year, beginning in 2021, as part of the municipal financial report filed each year with DOR; and (c) report any other information DOR considers necessary to administer the aid payment in the time and manner determined by DOR. Require DOR to notify each municipality that will receive an aid payment the amount of that payment by October 1 of each year.

Note:

Under current law, video service providers must calculate and pay to each municipality in which the provider delivers video service, a fee equal to the percentage of the provider's gross receipts and the monetary support for access facilities for public, educational, or governmental (PEG) channels. The percentage applied to providers' gross receipts is generally equal to the lesser of 5%, or a percentage specified by the municipality.

This motion would reduce the percentage that each municipality assesses on video service providers based on their gross receipts on December 31, 2018, by 0.5%, effective January 1, 2020,

and 1.0%, effective January 1, 2021. Reducing these percentages would result in a reduction to the revenues municipalities receive from this fee. This motion would create a state aid payment to compensate municipalities for these revenue reductions, beginning in 2020, the first year of the fee reduction. In order for municipalities to budget for the aid payment that would compensate for the lower fee revenues, the 2020 aid amount would be based on the video service provider's 2018 gross receipts and the 2018 actual video service provider fee revenues, which would be the most recent year for which actual gross receipts and revenues are known.

Municipalities report annual revenues from the video service provider fee to DOR on the "business and occupational license" line of the municipal financial report. This line includes all municipal revenues from licenses and permits for businesses and occupations which must be licensed before operating within a municipality. The municipal financial report published in December, 2018, for revenues received by municipalities in 2017 from businesses and occupational licenses totaled \$65.7 million. The specific amounts of revenues received in 2017 from the video service provider fee cannot be disaggregated from the total \$65.7 million reported. Nonetheless, if the \$65.7 million was entirely attributable to video service provider fee revenues, the upper bound of the lost revenues to municipalities under this motion would be approximately \$6,570,000 in the first year aid that payments are made.

Estimate total payments at \$5,000,000 GPR in 2020-21, and \$10,000,000 GPR in each year thereafter. The fiscal estimate of \$5,000,000 is based on a review of state and national data on video service provider revenues. The estimated cost of the payment would increase to \$10,000,000, beginning in 2021, due to increasing from 0.5% in 2020 to 1.0% in 2021 the percentage applied to the gross receipts on which the actual fee revenues were received.

[Change to Base: \$5,000,000 GPR]

[Change to Bill: \$5,000,000 GPR]



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb01557?
MDK&JK:cdc

LFB:.....Drilias - Reduction in municipal video service provider fees and creating a municipal aid payment

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY BILL 56

Today
5-9

1 At the locations indicated, amend the bill as follows:

2 1. Page 409, line 14: after that line insert:

3 "SECTION 289g. 20.835 (1) (fa) of the statutes is created to read:

4 20.835 (1) (fa) *State aid; video service provider fee.* A sum sufficient to make
5 the state aid payments under s. 79.097."

6 2. Page 567, line 22: after that line insert:

7 "SECTION 778g. 66.0420 (7) (b) of the statutes is renumbered 660.0420 (7) (b)

8 1, and 66.0420 (7) (b) 1. (intro.), as renumbered, is amended to read:

1 660.0420 (7) (b) 1. (intro.) The Except as provided in subd. 2m., the percentage
2 applied to a video service provider's gross receipts under par. (a) 1. for each
3 municipality shall be 5 percent or one of the following percentages, whichever is less:

History: 2007 a. 42 ss. 6, 8; 2009 a. 178, 180; 2013 a. 173 s. 33.

Cross-reference: See also ch. DFI-CCS 20, Wis. adm. code.

4 **SECTION 778r.** 66.0420 (7) (b) 2m. of the statutes is created to read:

5 66.0420 (7) (b) 2m. The percentage applied to a video service provider's gross
6 receipts under par. (a) 1. for a municipality shall be the percentage that applied
7 under subd. 1. on December 31, 2018, less one of the following:

8 a. Beginning on January 1, 2020, 0.5 percent.

9 b. Beginning on January 1, 2021, 1.0 percent.”.

10 **3.** Page 660, line 23: after that line insert:

11 **SECTION 1034g.** 73.10 (2) (c) of the statutes is created to read:

12 73.10 (2) (c) Beginning in 2021, each municipality that is eligible to receive a
13 payment under s. 79.096 shall submit with the information required under pars. (a)
14 and (b) the actual annual revenues received under s. 66.0420 (7). ”

15 **4.** Page 671, line 18: after that line insert:

16 **SECTION 1073g.** 79.096 of the statutes is created to read:

17 **79.096 State aid; video service provider fee.** (1) (a) In 2020, each
18 municipality that assesses a fee under s. 66.0420 (7) shall receive a payment equal
19 to 0.5 percent of the gross receipts used as the basis for the actual fee revenues
20 received by the municipality in 2018.

21 (b) In 2021, each municipality that assesses a fee under s. 66.0420 (7) shall
22 receive a payment equal to 1 percent of the gross receipts used as the basis for the
23 actual fee revenues received by the municipality in 2019.

1 (c) Beginning in 2022 and ending in 2029, annually, each municipality that
2 assesses a fee under s. 66.0420 (7) shall receive a payment under this section equal
3 the amount it received in 2021.

4 (2) Each municipality that is eligible to receive a payment under this section
5 shall report to the department of revenue the following information:

6 (a) On or before August 15, 2019, the 2018 actual fee revenues from s. 66.0420
7 (7) and the estimated gross receipts on which the fee revenues are based.

8 (b) On or before August 15, 2020, the 2019 actual fee revenues from s. 66.0420
9 (7) and the estimated gross receipts on which the fee revenues are based.

10 (c) Any other information, provided in the time and manner determined by the
11 department, that the department considers necessary for the administration of this
12 section.

13 (3) (a) Annually, on or before October 1, the department of revenue shall notify
14 each municipality that is eligible to receive a payment under this section of the
15 amount of the payment that the municipality shall receive in the following year.

16 (b) The department of revenue shall certify the amount of the payment due
17 each taxing jurisdiction under sub. (1) to the department of administration, and the
18 department of administration shall make the payment on or before the fourth
19 Monday in July.”

20 (END)

Kreye, Joseph

From: Drilias, Emma
Sent: Friday, May 24, 2019 1:52 PM
To: Kreye, Joseph
Subject: RE: LRBb0155/P1

Hi Joe,

I did just catch what may be a few errors in this draft.

1. Line 7 on page 1 renumbers 66.0420 (7) (b) to 660.0420 (7) (b).
2. The draft references the payment under 79.096 throughout the draft when it should be referencing the newly created payment under 79.097.
3. Page 3, line 13: is "to" missing after the word "due?"

Emma

-----Original Message-----

From: Kreye, Joseph <Joseph.Kreye@legis.wisconsin.gov>
Sent: Friday, May 24, 2019 1:18 PM
To: Drilias, Emma <Emma.Drilias@legis.wisconsin.gov>
Subject: RE: LRBb0155/P1

Hi Emma,

We can incorporate that.

Joe

From: Drilias, Emma
Sent: Friday, May 24, 2019 1:15 PM
To: Kreye, Joseph
Subject: LRBb0155/P1

Hi Joe,

Will LRBb0155/P1 (creating a state aid payment for video service provider fees) be incorporated into the bill, or should I expect another draft?

Thank you,

Emma Drilias
Fiscal Analyst
Wisconsin Legislative Fiscal Bureau
(608) 266-3847

Kreye, Joseph

From: Drilias, Emma
Sent: Tuesday, May 28, 2019 2:58 PM
To: Kreye, Joseph
Subject: RE: LRBb0155/P1

Hi Joe,

Al and I had one more consideration for this draft. Under section 4, what do you think about having (1) (a) and (1) (b) reference the amounts that municipalities must report under (2) (a) and (2) (b)? For example, (1) (a) could read, "In 2020, each municipality that assesses a fee under 66.0420 (7) shall receive a payment equal to 0.5 percent of the gross receipts, **as reported under (2) (a)** as the basis for the actual fee revenues received by the municipality in 2018." (2) (a) could read, "In 2021, each municipality that assesses a fee under 66.0420 (7) shall receive a payment equal to 0.5 percent of the gross receipts, **as reported under (2) (b)** as the basis for the actual fee revenues received by the municipality in 2019." These could be worded as you see appropriate. Do you think this would add to the draft, or see it as unnecessary?

Emma

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From: Drilias, Emma
Sent: Friday, May 24, 2019 1:52 PM
To: Kreye, Joseph <Joseph.Kreye@legis.wisconsin.gov>
Subject: RE: LRBb0155/P1

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1. Line 7 on page 1 rennumbers 66.0420 (7) (b) to 660.0420 (7) (b).
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Subject: RE: LRBb0155/P1

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We can incorporate that.

Joe

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Sent: Friday, May 24, 2019 1:15 PM

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Hi Joe,

Will LRBb0155/P1 (creating a state aid payment for video service provider fees) be incorporated into the bill, or should I expect another draft?

Thank you,

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Fiscal Analyst

Wisconsin Legislative Fiscal Bureau

(608) 266-3847

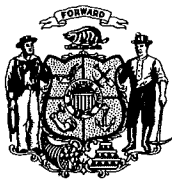
Kreye, Joseph

From: Drilias, Emma
Sent: Thursday, May 16, 2019 1:54 PM
To: Kreye, Joseph
Subject: LRB-0155/P1

Hi Joe,

So you are aware, the motion related to reducing municipal video service provider fees and creating an aid payment passed in JFC today. The draft is LRB-0155/P1.

Emma Drilias
Fiscal Analyst
Wisconsin Legislative Fiscal Bureau
(608) 266-3847



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0155/P1
MDK&JK:cde

LFB:.....Drilias - Reduction in municipal video service provider fees and creating a municipal aid payment

**FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 56**

in Am 5-30

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 409, line 14: after that line insert:

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4 20.835 (1) (fa) *State aid; video service provider fee.* A sum sufficient to make

5 the state aid payments under s. ~~79.096~~”.

79.097

6 **2.** Page 567, line 22: after that line insert:

7 “SECTION 778g. 66.0420 (7) (b) of the statutes is renumbered 66.0420 (7) (b) 1.,
8 and 66.0420 (7) (b) 1. (intro.), as renumbered, is amended to read:

9 66.0420 (7) (b) 1. (intro.) The Except as provided in subd. 2m., the percentage
10 applied to a video service provider’s gross receipts under par. (a) 1. for each
11 municipality shall be 5 percent or one of the following percentages, whichever is less:

1 **SECTION 778r.** 66.0420 (7) (b) 2m. of the statutes is created to read:

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3 receipts under par. (a) 1. for a municipality shall be the percentage that applied
4 under subd. 1. on December 31, 2018, less one of the following:

5 a. Beginning on January 1, 2020, 0.5 percent.

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7 **3.** Page 660, line 23: after that line insert:

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11 and (b) the actual annual revenues received under s. 66.0420 (7).”.

12 **4.** Page 671, line 18: after that line insert:

13 “**SECTION 1073g.** ~~79.096~~^{79.097} of the statutes is created to read:

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15 municipality that assesses a fee under s. 66.0420 (7) shall receive a payment equal
16 to 0.5 percent of the gross receipts used as the basis for the actual fee revenues
17 received by the municipality in 2018. *(, or reported under sub. (2)(a),*

18 (b) In 2021, each municipality that assesses a fee under s. 66.0420 (7) shall
19 receive a payment equal to 1 percent of the gross receipts used as the basis for the
20 actual fee revenues received by the municipality in 2019.

21 (c) Beginning in 2022 and ending in 2029, annually, each municipality that
22 assesses a fee under s. 66.0420 (7) shall receive a payment under this section equal
23 the amount it received in 2021.

79.097 B

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sub. (2)(b),*



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBb0155/P2
MDK&JK:cde

LFB:.....Drilias - Reduction in municipal video service provider fees and
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19 receive a payment equal to 1 percent of the gross receipts, as reported under sub. (2)
20 (b), used as the basis for the actual fee revenues received by the municipality in 2019.

21 (c) Beginning in 2022 and ending in 2029, annually, each municipality that
22 assesses a fee under s. 66.0420 (7) shall receive a payment under this section equal
23 the amount it received in 2021.

1 **(2)** Each municipality that is eligible to receive a payment under this section
2 shall report to the department of revenue the following information:

3 (a) On or before August 15, 2019, the 2018 actual fee revenues from s. 66.0420
4 (7) and the estimated gross receipts on which the fee revenues are based.

5 (b) On or before August 15, 2020, the 2019 actual fee revenues from s. 66.0420
6 (7) and the estimated gross receipts on which the fee revenues are based.

7 (c) Any other information, provided in the time and manner determined by the
8 department, that the department considers necessary for the administration of this
9 section.

10 **(3)** (a) Annually, on or before October 1, the department of revenue shall notify
11 each municipality that is eligible to receive a payment under this section of the
12 amount of the payment that the municipality shall receive in the following year.

13 (b) The department of revenue shall certify the amount of the payment due to
14 each taxing jurisdiction under sub. (1) to the department of administration, and the
15 department of administration shall make the payment on or before the 4th Monday
16 in July.”.

17

(END)