

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-2961/1	Introduction Number SB-468
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Description
 changing the phase-out of utility aid payments for decommissioned power plants

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate	5. Types of Local Government Units Affected	
1. <input type="checkbox"/> Increase Costs	3. <input checked="" type="checkbox"/> Increase Revenue	<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.835(1)(dm)

Agency/Prepared By	Authorized Signature	Date
DOR/ Craig Steinfeldt (608) 266-5705	Ann DeGarmo (608) 266-7179	8/3/2021

Fiscal Estimate Narratives

DOR 8/3/2021

LRB Number	21-2961/1	Introduction Number	SB-468	Estimate Type	Original
Description changing the phase-out of utility aid payments for decommissioned power plants					

Assumptions Used in Arriving at Fiscal Estimate

Under the bill, if a power production plant that is exempt from property taxes is decommissioned, and therefore becomes taxable, the county and municipality where the plant is located will receive a utility aid payment for the first 10 years in which the plant is subject to the property tax in an amount equal to a percentage of the utility aid payment that the county or municipality received for the last year in which the plant was exempt. The bill defines "decommissioned" as the earliest of the following: 1) the production plant is no longer recovered through the utility's rates; or 2) the production plant is sold to a person who is not subject to the annual license fees imposed by the state.

The 10-year phase out of utility aid payments does not begin until the production plant is decommissioned, and the amounts of the phase-out payments are determined on the basis of the amount of the payment received in the year before the year the first power generation unit stopped generating electricity. The bill specifies for a power production plant that has multiple power generation units, the utility aid payment received by a county or municipality will not be reduced on the basis that one or more, but not all, of the power generation units are no longer generating electricity, and the amount of the payment will be the same as the payment received in the year before the year the first power generation unit stopped generating electricity.

The bill will result in higher public utility aid payments: the state will continue to make aid payments for decommissioned plants, while also making aid payments on new power generating sources, such as solar, wind and natural gas plants. When the bill creates a fiscal effect on the public utility aid appropriation is determinate on the decommissioning date and a plant no longer being considered a regulatory asset.

Examining the fiscal effect across 5 power plants decommissioned, closed, or that will close yields the following cost comparison. The five-year phase down costs under current law are \$19.80 million compared with costs of \$36.30 million under the ten-year phase down in the bill, an increase of \$16.50 million. Public utility aid payments will also not be reduced when a utility closes one generating unit, but not all, and will remain fixed at the higher amount. The FY 2021 public utility aid payments totaled \$77,891,400, while FY 2022 payments are estimated at \$82,297,500.

The department cannot absorb one-time programming costs of \$65,000 and annual costs of \$3,900.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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Description changing the phase-out of utility aid payments for decommissioned power plants		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
\$65,000		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$3,900	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$3,900	\$
B. State Costs by Source of Funds		
GPR	3,900	
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		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$3,900	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
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		8/3/2021