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# Wisconsin Legislative Council

## AMENDMENT MEMO

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**2021 Assembly Bill 489**

**Assembly Substitute  
Amendments 3 and 4**

### 2021 ASSEMBLY BILL 489

2021 Assembly Bill 489 makes various changes to the administration of utility aid payments, a form of shared revenue distributed to political subdivisions that contain utility property within their boundaries.<sup>1</sup>

Under current law, utility aid payments associated with a production plant may be calculated based upon a variety of factors, including a plant's generating capacity. If a plant's generating capacity is reduced due to the retirement of a generating unit, the capacity-based portion of the utility aid payment may also be reduced. 2021 Assembly Bill 489 provides that, for plants where the first generating unit retirement occurs after the effective date of the bill, utility aid payments are not reduced on the basis that one or more, but not all, of the plant's units are no longer generating electricity.

Under current law, when a production plant is decommissioned or closed and returned to the local property roll, utility aid payments associated with that plant are phased down over a five-year period (with 20 percent reductions each year). 2021 Assembly Bill 489 replaces "decommissioned or closed" with "decommissioned" throughout the provisions related to the phase down in utility aid payments. Additionally, the bill defines "decommissioned," with regards to a production plant, as the earliest of when either:

1. The production plant is no longer recovered through a utility's rates; or
2. The production plant is sold to a person who is not subject to the license fee imposed on light, heat, and power companies or the license fee imposed on entities selling electricity at wholesale.

Additionally, the bill establishes a new schedule for the phase down in utility aid payments for property decommissioned after December 31, 2020. Specifically, the bill provides that utility aid payments based on such property would be phased down over a 10-year period (with 10 percent reductions each year).

### ASSEMBLY SUBSTITUTE AMENDMENT 3

Assembly Substitute Amendment 3 modifies the bill's definition of "decommissioned." Specifically, the amendment defines "decommissioned," with regards to a production plant, as the earliest of when either:

1. The production plant is no longer recovered through a utility's or cooperative's rates or, for a production plant owned by a qualified wholesale electric company, the production plant permanently ceases generating electricity; or

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<sup>1</sup> "Utility aid" payments may also be provided based upon property owned by non-utility entities, such as property owned by electric cooperatives.

2. The production plant is transferred to a person who is not subject to the license fee imposed on light, heat, and power companies or the license fee imposed on entities selling electricity at wholesale.

In addition to the above, Assembly Substitute Amendment 3 eliminates the bill's 10-year phase down for utility aid payments. Instead, the amendment establishes various schedules for the phase down in utility aid payments, generally applicable when a production plant is considered decommissioned due to its transfer to a non-utility entity. Under the amendment, if a production plant were to be transferred within the first year after it permanently ceases generating electricity, a 10-year phase down would be used. However, if a production plant were to be transferred after the fifth year that the plant permanently ceases generating electricity, a five-year phase down would be used. The amendment also establishes additional phase down schedules for transfers that occur between one and five years after generation ceases (e.g., an eight-year phase down is established for property transferred in the third year after generation ceases).

Finally, Assembly Substitute Amendment 3 generally retains the bill's provision related to utility aid for multi-unit plants. However, the amendment further provides that if a multi-unit plant permanently ceases generating electricity in 2023, the municipality and county would receive utility aid payments equal to those received in 2015.

## **ASSEMBLY SUBSTITUTE AMENDMENT 4**

Assembly Substitute Amendment 4 retains the definition of "decommissioned" created in Assembly Substitute Amendment 3. Assembly Substitute Amendment 4 also generally retains the provision related to utility aid for multi-unit plans contained within Assembly Substitute Amendment 3 and the bill, as introduced. However, Assembly Substitute Amendment 4 omits the provision in Assembly Substitute Amendment 3 that specifically applies to multi-unit plants that permanently cease generating electricity in 2023.

In addition to the above, Assembly Substitute Amendment 4 omits the utility aid phase down schedules established in Assembly Substitute Amendment 3. Assembly Substitute Amendment 4 also omits the 10-year utility aid phase down schedule established in the bill, as introduced. As such, the bill, as amended by Assembly Substitute Amendment 4, would not modify the five-year phase down period for utility aid payments that exists under current law.

## **BILL HISTORY**

Assembly Substitute Amendment 3 was offered by Representative Oldenburg on February 2, 2022. On February 3, 2022, the Assembly Committee on Energy and Utilities recommended adoption of Assembly Substitute Amendment 3 on a vote of Ayes, 13; Noes, 2. The bill was then recommended for passage, as amended, on a vote of Ayes, 13; Noes, 2.

Assembly Substitute Amendment 4 was offered by Representative Oldenburg on February 23, 2022. On the same day, the Assembly voted to adopt Assembly Substitute Amendment 4 and pass the bill, as amended, on voice votes.

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