



Warren Petryk

State Representative • 93rd Assembly District

Date: October 22, 2015

To: Members of the Committee on Energy and Utilities

From: Representative Petryk

Re: Testimony regarding Assembly Bill 405

Good morning Mr. Chairman and members of the Committee. Thank you for holding a public hearing today on this common sense, bipartisan piece of legislation, Assembly Bill 405. My colleague, Representative Loudenbeck, and I will together explain not only what this bill will do for Wisconsin but why we need this imperative piece of legislation.

I was first approached by several utility companies requesting that Wisconsin join 21 other states across the country in passing legislation that will help Wisconsin clear the way for emergency utility workers (utility employees from another state who will temporarily work in Wisconsin) to help Wisconsin citizens get critical infrastructure back online and get our lives and businesses back to normal as quickly as possible. It is important to note that Assembly Bill 405 is for infrastructure work only. This bill will not benefit commercial or personal work that needs to be completed. By extending this opportunity only to infrastructure services, the state will not enable or benefit “storm chasers.”

Assembly Bill 405 creates an exemption from income, sales, and use taxes for volunteer workers helping in the state and creates an exemption to state or local fees, licenses, certificates, registration, and permitting requirements that would otherwise be applicable to the emergency work. Assembly Bill 405 will only go into effect when the Wisconsin Governor declares a state of emergency or within 10 days before or 60 days after the declared state of emergency. If Wisconsin needed more than 60 days, the legislature may extend that period.

A simple amendment was introduced to clarify the definition of infrastructure and “communications networks” to ensure cable providers would be included in Assembly Bill 405. The amendment language reads, “a telecommunications provider or cable operator or that is used for communications networks, including telecommunications, broadband, and multichannel video networks.” This amendment has the support of our key stakeholders as well as the Wisconsin Cable Communications Association.

Assembly Bill 405 has the support of AT&T, Alliant Energy, Wisconsin Utilities Association, Wisconsin State Telecommunications Association, Wisconsin Cable Communications Association, Wisconsin Manufacturers and Commerce, T-Mobile, TDS, Verizon, and IBEW

Local Union 2150 as well as 33 Assembly and Senate Republicans and Democrats. This bill is good public policy that deserves the support of this committee.

Representative Loudbeck will now describe why Wisconsin needs Assembly Bill 405. We would be happy to answer any questions after her testimony.



Edison Electric
Institute

Understanding the Electric Power Industry's Response and Restoration Process

Electricity is a crucial product many of us take for granted. We scarcely think about it, unless we don't have it. Because electricity plays such an important role in our everyday lives, we rely on electric utilities to provide a reliable supply of on-demand power. Utilities constantly plan for emergency situations that could impact their ability to generate or deliver power. And, the industry has a strong track record of maintaining high levels of reliability.

No matter how well the industry is prepared, hurricanes, earthquakes, storms, and other natural and man-made disasters can cause significant damage to the electric grid, creating widespread power outages. Following these events, electric utilities must respond safely, swiftly, and efficiently to restore service to large numbers of affected customers. Edison Electric Institute's (EEI) members, the nation's investor-owned electric utilities, often turn to our mutual assistance program—a voluntary partnership of electric utilities from across the country—to help restore power efficiently. Such was the case in 2012 after Superstorm Sandy, which impacted 24 states and left as many as 10 million customers without power.

Following are frequently asked questions about the response and restoration process and the steps we are taking to enhance our mutual assistance program to improve public safety, accelerate the industry's response, and reduce potential economic consequences.

For more information, visit the Edison Electric Institute's web site at www.eei.org.

How do electric utilities prepare for storms and other events that can cause outages?

Electric utilities' power restoration and business continuity planning includes year-round preparation for all types of emergencies, including storms and other weather-related events, as well as cyber and physical infrastructure attacks. For example, utilities conduct exercises and drills to prepare them to respond to significant outages—whether they are caused by an expected storm or by an event that occurs without warning.

Restoring power after a major incident is a complex task that must be completed as safely and efficiently as possible. A speedy restoration process requires significant logistical expertise, along with skilled workers and specialized equipment. Electric utilities begin their preparation for weather-related events long before an event actually occurs, with organization-wide plans and drills that involve virtually all employees. When a major storm or natural disaster is expected, electric utilities begin their standard preparations to organize restoration workers, trucks, and equipment.

As illustrated on page 3, a utility's storm restoration plan focuses on restoring power to the greatest number of customers safely and as quickly as possible. This typically means that a utility will first assess affected power plants, transmission lines, and substations to determine the extent of any damage. Power is then restored to critical facilities, such as hospitals, police and fire stations, water and water-treatment facilities, and nursing homes; main thoroughfares that host supermarkets, gas stations, and other essential community services; and, finally, individual neighborhoods.

As a storm approaches, a utility's command center serves as the nucleus of its operations, communicating restoration and logistics planning 24 hours a day until all customers have their electricity service restored.

What is the mutual assistance program?

EEl's mutual assistance program is a voluntary partnership of investor-owned electric utilities across the country committed to helping restore power whenever and wherever assistance is needed. Municipal utilities and electric cooperatives also have their own mutual aid programs that provide restoration support to their participating utilities. Created decades ago, our mutual assistance program provides a formal, yet flexible, process for utilities to request support from other utilities in parts of the country that have not been affected by major outage events.

Mutual assistance is an essential part of the electric power industry's service restoration process and contingency planning. Electric utilities impacted by a major outage event are able to increase the size of their workforce by "borrowing" restoration workers from other utilities. When called upon, a utility will send skilled restoration workers—both utility employees and contractors—along with specialized equipment to help with the restoration efforts of a fellow utility.

How does mutual assistance work?

Partnerships in our mutual assistance program are based upon voluntary agreements among electric utilities within the same region. Most of these agreements are managed by seven Regional Mutual Assistance Groups (RMAGs) throughout the country. When a member determines that it needs restoration assistance, it initiates a request through an RMAG. (Utilities in the western states coordinate responses directly with each other, rather than through an RMAG.)

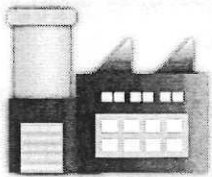
RMAGs facilitate the process of identifying available restoration workers and help utilities coordinate the logistics and personnel involved in restoration efforts. For example, RMAGs can help utilities locate specialized skill sets, equipment, or materials, and can assist in identifying other types of resources that may be needed, including lineworkers, tree trimmers, damage assessors, and even call center support.

Utility restoration workers involved in mutual assistance typically travel many miles to help the requesting utility to rebuild power lines, replace poles, and restore power to customers. Before their restoration

The Storm Restoration Process

Every electric utility has a detailed plan for restoring electricity after a storm. Typically, one of the first steps a utility takes—to prevent injuries and fires—is to make sure that power is no longer flowing through downed lines. Restoration then proceeds based on established priorities.

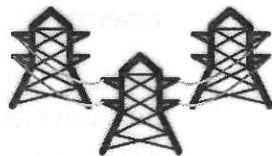
Step 1



Power Plants

Power plants, the primary source of power production, are assessed for damage and restored.

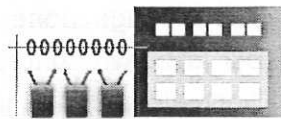
Step 2



Transmission Lines

High-voltage transmission lines serving thousands of customers over wide areas are repaired.

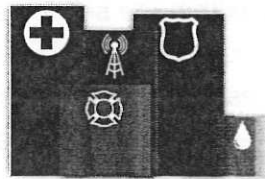
Step 3



Substations

Substations are brought online in order for power to reach local distribution lines.

Step 4



Emergency Responders

Power is restored to emergency services and facilities critical to public health and safety—including hospitals, police and fire stations, water reclamation plants, and communications systems.

Step 5



Large Service Areas

Crews are dispatched to repair lines that will return service to the largest number of customers in the least amount of time. Service lines to neighborhoods, industries, and businesses are systematically restored.

Step 6



Individual Homes

Once major repairs are completed, service lines to individual homes and smaller groups of customers are restored.

work begins, the volunteer restoration workers receive any necessary safety training and an overview of the affected facilities from the host electric utility.

How are the RMAGs organized?

RMAGs are organized geographically to meet the needs of electric utilities during emergency situations most effectively. Although participation is voluntary, each utility in an RMAG has committed, when possible, to send its restoration workers, contractors, and specialized equipment to help other utilities in the network when called upon to do so. If needed, utilities in one RMAG will assist those in another region. By sharing resources among utilities, the RMAGs help to mitigate the risks and costs related to restoring power following major outages. Together, the RMAGs enable a consistent, unified response to emergency events that result in a significant loss of power.

How do RMAGs help to maintain electric reliability throughout the country during a major restoration effort?

RMAGs develop contingency plans to ensure that the transfer of resources from one electric utility or region to another has a minimal effect on a regional area if an unexpected event occurs within the service areas of assisting utilities. Contingency plans are developed according to the amount of resources—both restoration workers and equipment—being transferred either to a region or to a larger geographic area.

What are the key goals of the mutual assistance program?

The mutual assistance program serves as an effective—and critical—restoration resource for electric utilities because of its unique structure. It is both flexible and voluntary, empowering the network to respond quickly to the unpredictable nature of weather, while also recognizing that any one utility may be limited in its ability to provide resources at a given point in time.

While a primary goal of the mutual assistance program is to restore electric service in a safe, effective, and efficient manner, the program also serves additional objectives that benefit the entire electric power industry. The mutual assistance program:

- ▶ Promotes the safety of employees and customers;
- ▶ Strengthens relationships among electric utilities;
- ▶ Provides a means for electric utilities to receive competent, trained employees and contractors from other experienced utilities;
- ▶ Provides a predefined mechanism to share industry resources expeditiously;
- ▶ Mitigates the risks and costs of member utilities related to major incidents;
- ▶ Proactively improves resource-sharing during emergency conditions;
- ▶ Shares best practices and technologies that help the electric power industry improve its ability to prepare for, and respond to, emergencies;
- ▶ Promotes and strengthens communication among RMAGs; and
- ▶ Enables a consistent, unified response to emergency events.

What have been some of the largest mutual assistance responses?

The damage done by Superstorm Sandy in October 2012 was unprecedented in its size and scope. Approximately 10 million customers lost power across 24 states in the Northeast, Mid-Atlantic, and parts of the Midwest. In response, the electric power industry deployed an army of tens of thousands of restoration workers—representing 80 utilities from almost every state and Canada. The goal was to restore power as quickly and safely as possible.

The June 2012 derecho—a sudden and widespread storm with peak wind gusts ranging from 80-100 miles per hour—caused more than four million people across Ohio and the Mid-Atlantic to lose power. Utilities responded with a workforce of about 30,000, including local utility workers and crews from as far away as Canada, Texas, and Wyoming.

In August 2011, Hurricane Irene made landfall on the East Coast, leaving approximately nine million

customers without power. Nearly 50,000 electric utility restoration workers from as far away as the West Coast and Canada assisted with the restoration efforts in 14 states and the District of Columbia.

When Hurricane Katrina hit the Gulf of Mexico in August 2005, it damaged almost an entire 400-mile section of coastline from central Louisiana, across Mississippi, and into Alabama and western Florida, and destroyed much of the electric power grid in the area. More than 46,000 electric utility restoration workers and contractors from around the country travelled to the Gulf Coast to help the local electric utilities with their monumental restoration effort.

What are electric utilities doing to strengthen the mutual assistance network after Superstorm Sandy?

The electric power industry is committed to strengthening its preparations for, and response to, emergency events that threaten electric service. Electric utilities, contractors, and vendors that provide support or services during outage events meet annually to discuss the outage events that have taken place over the past year; to share lessons learned when responding to storms; and to allow restoration managers to learn about technologies and products that could assist them during future weather-related events.

One of the important lessons learned following Superstorm Sandy was that there were too many small RMAGs in the Northeast. In September 2013, the Mid-Atlantic Mutual Assistance (MAMA), New York Mutual Assistance Group (NYMAG), and the Northeast Mutual Assistance Group (NEMAG) finalized their merger into the North Atlantic Mutual Assistance Group (NAMA)—reducing the total number of RMAGs from nine to seven.

This merger included 21 utilities across 13 states, 1 district, and 4 Canadian provinces. Merging these three smaller RMAGs into one larger RMAG allows better coordination of the resources available to the participating utilities and increases the ability of the

RMAG to provide more self-sustaining support for most local and regional outage events without having to reach out and coordinate across multiple RMAGs.

In the aftermath of Superstorm Sandy, EEI members also recognized the need to enhance and formalize the mutual assistance program for national events. In September 2013, the Edison Electric Institute's Board of Directors approved a framework to institutionalize the lessons learned and best practices from Sandy in order to optimize restoration efforts following events that impact a significant population or several regions across the U.S. and require resources from multiple RMAGs.

Why was the response and restoration process revised?

To prepare for severe storms and outage events that cross RMAG boundaries, such as Superstorm Sandy, we developed guidelines for responding to large, multi-RMAG or industry-wide National Response Events (NREs). Sandy was the single biggest post-storm restoration the electric power industry had ever undertaken. The damage was catastrophic and widespread. All RMAGs were impacted or involved in the restoration effort.

Prior to Sandy, there was not a national framework in place to respond to storms of this magnitude. Determined to enhance the restoration process, EEI members are institutionalizing best practices based on the lessons learned from Sandy. The electric power industry is prepared for significant outage events and continues to improve its coordination and response and recovery efforts. Customers have increasing expectations and electricity dependence, and we are committed to making our mutual assistance process safe, efficient, equitable, and scalable.

What is an industry-wide National Response Event?

The most serious outage events are classified by EEI members as "national response events" (NREs). An NRE is a natural or man-made event that is forecast to cause or that causes widespread power outages impacting a significant population or several regions across the U.S. and requires resources from multiple RMAGs.

The response and restoration plan for a designated NRE includes a new standing and rotating National Response Executive Committee (NREC), consisting of senior-level member company executives representing all regions of the United States. It also establishes an inter-RMAG framework for a national allocation of member company mutual assistance resources (utility restoration workers, contractors, and spare materials).

When an NRE is declared, all available member emergency restoration resources (including contractors) will be pooled and allocated to participating utilities in a safe, efficient, transparent, and equitable manner.

What triggers an NRE?

An NRE is a natural or man-made event that is forecast to cause or that causes widespread power outages impacting a significant population or several regions across the U.S. and requires resources from multiple RMAGs.

It's important to understand a NRE designation is reserved only for the most significant events, such as a major hurricane, earthquake, an act of war, or other occurrence that results in widespread power outages.

What is different about NREs?

Our current mutual assistance program works well for regional events, but was not designed to be scalable for national events. In the case of a designated NRE, our mutual assistance program will be scaled to a national level so member restoration resources are allocated in a singular and seamless fashion. The NRE process is overseen by the NREC comprised of senior-level member company executives from all regions of the country. During an NRE, the NREC will activate a National Mutual Assistance Resource Team (NMART) that will evaluate mutual assistance requests and assign available resources to participating utilities in coordination with the RMAGs.

For regional or local outages, mutual assistance resources will continue to be managed through the existing RMAG process, which concentrates on providing support across smaller geographic areas.

How has the industry worked with state and federal governments following Superstorm Sandy?

In the aftermath of Sandy, the electric power industry continues to work with the federal government and the states to enhance and formalize industry-government partnerships developed during Sandy that support the industry's response and restoration process. This is especially critical during events that impact significant populations or multiple regions and that require resources from multiple RMAGs. Areas of focus include:

- ▶ Embedding senior industry officials with government response teams at the U.S. Department of Energy to allow a direct, two-way flow of information between industry responders and government emergency managers.
- ▶ Partnering with the U.S. Department of Transportation and state transportation agencies to expedite the movement of electric utility resources in support of mutual assistance and power restoration.
- ▶ Negotiating a new procedure for U.S. and Canadian border crossings with the Department of Homeland Security and the Canadian Border Services Agency to minimize delays and to ensure timely movement of mutual assistance fleets across the international border.
- ▶ Engaging in an ongoing dialogue with the Department of Defense (DOD) to build upon the unique capabilities that the military can provide in an emergency. This effort includes working to expand logistical support such as access to DOD property and facilities for pre-staging areas, exploring ways to enhance security and road access with the National Guard, and securing access to critical supplies and equipment from the Army Corps of Engineers.

What is the role of the states during power restoration efforts?

The states and electric utilities should continue to collaborate and work with first responders to ensure a flexible approach to storms and other events that lead to widespread power outages. A timely restoration effort requires a smooth transition of resources from other regions into the affected area, regardless of the state boundary. Utility service territories often extend beyond state boundaries, and restoration work often involves multiple jurisdictions. Having flexibility to move resources to the outage location is the key to successfully completing a restoration.

The **Edison Electric Institute (EEI)** is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for 220 million Americans, operate in all 50 states and the District of Columbia, and directly employ more than 500,000 workers.

With more than \$85 billion in annual capital expenditures, the electric power industry is responsible for millions of additional jobs. Reliable, affordable, and sustainable electricity powers the economy and enhances the lives of all Americans.

EEI has 70 international electric companies as Affiliate Members, and 250 industry suppliers and related organizations as Associate Members.

Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

For more information on EEI programs and activities, products and services, or membership, visit our Web site at www.eei.org.



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May 2014



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

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P.O. Box 12265, Columbia, South Carolina 29211

SC INFORMATION LETTER #15-15

SUBJECT: Emergency Related Infrastructure Work by an Out-of-state Business or Employee in South Carolina Due to the Floods of October 2015
(Taxes, Licensing, and Registration)

DATE: October 15, 2015

SUPERSEDES: All previous documents and any oral directives in conflict herewith.

REFERENCE: S. C. Code Ann. Section 12-2-110 (Supp. 2014)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (2014)
S.C. Code Ann. Section 1-23-10(4) (2005)
SC Revenue Procedure #09-3

SCOPE: An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

Overview. Code Section 12-2-110 provides that a business that does not have a presence in, or conduct business in, South Carolina whose services are requested by a business registered in South Carolina or by a state or local government for purposes of performing “disaster or emergency-related work” in South Carolina is exempt from state and local business registration and tax payment and filings during the “disaster period.” The “disaster period” begins within 10 days of the first day of notification by the Governor, President, or Director of the Department of a declared state disaster or emergency, whichever occurs first, and ends 60 days after the declared period ends, or any longer period authorized by the designated state official or agency.

On October 3, 2015, President Obama issued an emergency disaster declaration for the State of South Carolina authorizing the Federal Emergency Management Agency (FEMA) to coordinate disaster relief efforts in the areas affected by severe storms and flooding beginning October 1, 2015.¹

¹ See SC Information Letter #15-4 for a list of counties identified by the President’s declaration as a federal disaster area.

Accordingly, certain out-of-state businesses performing disaster work related to infrastructure that has been damaged, impaired, or destroyed by the 2015 South Carolina floods may be eligible for the special registration and tax exemptions provided in Code Section 12-2-110. The special registration and tax exemptions under this provision are limited to out-of-state businesses that have a request from a registered business in South Carolina, the State government, or a local government to repair, renovate, install, build, render services or other business activities related to the following infrastructure damaged, impaired, or destroyed by the 2015 South Carolina floods:

- communications networks;
- electric generation, transmissions and distribution systems;
- water pipelines;
- public roads and bridges; and
- related facilities to these networks, systems, pipelines, roads and bridges that service multiple customers or citizens, such as buildings, offices, lines, poles, pipes, structures and equipment.

CAUTION: The special registration and tax exemptions under Code Section 12-2-110 apply only to out-of-state businesses/employees performing disaster work related to the infrastructure listed above. See Code Section 12-2-110(A)(4) and (7) defining “infrastructure” and “disaster or emergency related work.”

Code Section 12-2-110 DOES NOT APPLY to out-of-state businesses/employees performing disaster work related to the repair, renovation or building of any other commercial property or residential property – e.g., mold remediation in a personal residence; repair or rebuilding of a retail store, professional office building, or residence, etc.

Code Section 12-2-110(A) contains the definitions necessary for a business to determine its eligibility for the special provisions in Code Section 12-2-110. These definitions have been included at the end of this document as a reference.

Out-of-State Business Disaster Period Exemptions. An out-of-state business performing work or services in South Carolina related to a declared state disaster or emergency is not considered to have established a level of presence that would require it to register, file, and remit state and local taxes or require the business or its out-of-state employees to be subject to any state licensing or registration requirement. Code Section 12-2-110(B)(1)(a).

Out-of-state Employee Disaster Period Exemptions. An out-of-state employee is not considered to have established residency or a presence in South Carolina that would require him or his employer to file and pay income taxes or be subject to tax withholdings or to file and pay any other state or local tax or fee during a disaster period resulting from his performance of disaster-related work. Code Section 12-2-110(B)(1)(b).

Specific Tax, Registration and Licensing Exemptions. If an out-of-state business qualifies under this code section, it is exempt from all state or local business licensing or registration requirements (including South Carolina Public Service Commission and Secretary of State licensing and regulatory requirements) and is not required to register, file, or remit state and local taxes or fees, including unemployment insurance, state or local occupational licensing fees, sales and use tax, or property tax on equipment used or consumed during the disaster period.

For purposes of state or local tax measured by net or gross income or receipts, all activity of the out-of-state business conducted in South Carolina pursuant to this code section is disregarded with respect to any filing requirements for that tax including the filing required for a unitary or combined group of which the out-of-state business may be a part. Code Section 12-2-110(B)(1)(a).

Taxes and Fees Not Covered. Out-of-state businesses and employees are not exempt under Code Section 12-2-110 from transaction taxes and fees including, but not limited to, fuel taxes and fuel user fees or sales and use taxes on materials or services subject to sales and use tax, accommodations taxes, car rental taxes or fees that the out-of-state affiliated business or out-of-state employee purchases for use or consumption in South Carolina during the disaster period, unless the taxes or fees are otherwise exempt during a disaster period. Code Section 12-2-110(B)(2).

Notification of Responding Business to Department. An out-of-state business shall provide the Department a notification statement that it is in South Carolina for purposes of responding to the 2015 flood disaster. The statement must include the business name, state of domicile, principal business address, federal tax identification number, date of entry, and contact information. A registered business in South Carolina shall, upon request, provide this notification information for an out-of-state affiliate that enters South Carolina and also include contact information for the registered business. Code Section 12-2-110(C).

The notification may be emailed to taxregistration@dor.sc.gov or mailed to:

South Carolina Department of Revenue
Attn: Registration Unit – SC 2015 Flood
PO Box 125
Columbia, SC 29214

In South Carolina After Declared Disaster. A business or employee that remains in South Carolina after the disaster period becomes subject to South Carolina's normal standards for establishing presence, residency or doing business and resulting requirements. Code Section 12-2-110(B)(3). They shall notify the Department and must comply with state and local registration, licensing, and filing requirements resulting from establishing business presence or residency in South Carolina. Code Section 12-2-110(C)(2). This notification should be sent to the mailing address or email address provided above.

Definitions. For purposes of Code Section 12-2-110:

“Out-of-state business” means a business entity that has no presence in South Carolina and conducts no business in South Carolina whose services are requested by a registered business² or by a state or local government for purposes of performing disaster or emergency-related work in South Carolina. The term includes a business entity that is affiliated with the registered business in South Carolina solely through common ownership. The out-of-state business must have no registrations or tax filings or nexus in South Carolina before the declared state disaster or emergency. Code Section 12-2-110(A)(2).

“Out-of-state employee” means an employee who does not reside in or work in South Carolina, except for disaster or emergency-related work during the disaster period. Code Section 12-2-110(A)(3).

“Disaster or emergency related work” means repairing, renovating, installing, building, rendering services or other business activities that relate to infrastructure that has been damaged, impaired, or destroyed by the event precipitating the declared state disaster or emergency. Code Section 12-2-110(A)(7).

“Infrastructure” means property and equipment owned or used by communications networks, electric generation, transmission and distribution systems, gas distribution systems, water pipelines, and public roads and bridges and related support facilities that services multiple customers or citizens including, but not limited to, real and personal property such as buildings, offices, lines, poles, pipes, structures, and equipment. Code Section 12-2-110(A)(4).

“Declared state disaster or emergency” means a disaster or emergency event:

- (1) For which a Governor’s state of emergency proclamation has been issued;
- (2) For which a presidential declaration of a federal major disaster or emergency has been issued; or
- (3) Other disaster or emergency event within South Carolina for which a good faith response effort is required and for which the Director of the Department designates the event as a disaster or emergency. Code Section 12-2-110(A)(5).

“Disaster period” means a period that begins within 10 days of the first day of the Governor’s proclamation, the President’s declaration, or designation by the Director of the Department of a declared state disaster or emergency, whichever occurs first, and ends 60 days after the declared state disaster or emergency period ends, or any longer period authorized by the designated state official or agency. Code Section 12-2-110(A)(6).

Additional Information. For additional information regarding taxpayer eligibility or the notification requirements under Code Section 12-2-110, taxpayers may contact the Department’s Registration Section at (803) 896-1350.

²“Registered business” means a business entity that is registered to do business in South Carolina before the declared state disaster or emergency. Code Section 12-2-110(A)(1).

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WAYNE E. GARDNER

'Thank you' vs. 'pay me!'

Pennsylvania shouldn't tax people who help us in times of need

March 7, 2014 12:00 AM

I was without electric power from very early Feb. 5 to very late Feb. 9. The temperature did not rise above 30 degrees on any of these days, and the nights were often in single digits. My situation was not unique; more than 800,000 Pennsylvanians were without electricity at the height of the ice storm and many tens of thousands were without power for more than seven days.

This op-ed is not a complaint about being without power. I know that storm-related power outages are a fact of life. In fact, this letter is not a complaint at all. This op-ed is an expression of concern about how out-of-state emergency responders are being treated when they work in Pennsylvania during weather emergencies.

When I was a commissioner with the Pennsylvania Public Utility Commission, I focused on the reliability of our gas and electricity utilities and on their safe operations and quality of customer service.

As I and thousands of fellow Pennsylvanians shivered in our homes last month, more than 5,100 emergency responders, including approximately 2,600 from as far away as Toronto, Arkansas and Illinois, came here to work outside in frigid temperatures to help restore power to our homes and businesses. The companies that provide this service are part of a voluntary mutual-assistance program that organizes utilities to support one another in times of emergency.

As public utility commissioners, my colleagues and I worked hard to ensure Pennsylvania utilities had robust mutual-assistance agreements in place with other in-state utilities as well as regional utilities. Our experience with Superstorm Sandy drove home the importance of having mutual-assistance agreements in place across an even larger geographical area due to the interconnectivity of the grid and the size of some storms.

Unfortunately, there is a problem in Pennsylvania that recalls the old saying that no good deed ever goes unpunished: Our state requires out-of-state emergency responders and others who work here

for a short period — even a single day — to file state income tax returns if they earn as little as \$33. Only residents of Indiana, Maryland, New Jersey, Ohio, Virginia and West Virginia are excepted.

Put this issue on a personal level: Imagine an emergency responder who has a choice of being sent to Pennsylvania where this tax burden would be imposed upon her or another state where out-of-state emergency responders are exempt from state and local income taxes. At a time when state officials should be extending a hardy “thank you,” Pennsylvania state officials are yelling “pay me!”

Fortunately, U.S. Sen. Sherrod Brown, D-Ohio, and Rep. Howard Coble, R-N.C., have teamed up to solve this problem. Their legislation, The Mobile Workforce State Income Tax Simplification Act, is a joint Democratic and Republican effort to simplify the lives of workers who might spend a few days in other states as part of their employment. It would protect them from the cost and burden of complying with multiple state tax laws.

I hope this bill jump-starts a conversation about how we treat our emergency responders in our most desperate and vulnerable times. With Congress seemingly unable to agree on much of anything these days, it’s heartening to see that some of our representatives are reaching across the aisle seeking consensus on this commonsense idea.

Rep. Coble and Sen. Brown can’t succeed without your support. Please reach out to your members of Congress today. Encourage them to support this proposal. It’s a matter of basic fairness for hardworking men and women who help us in times of need.

Wayne E. Gardner has worked for more than two decades with various energy companies and served on the Pennsylvania Public Utility Commission from 2008 to 2013.

Assembly Energy and Utility Committee Chairman and Members,

Thank you for the opportunity to express AT&T's support for Assembly Bill 405. We would like to thank Representative Petryk and Loudenbeck for being the lead authors of the bill as well as the many Committee members for being cosponsors of this important legislation.

Across the country, AT&T provides communications services that the public relies upon, and we are proud of our history of responding to emergency situations. With so much of the critical infrastructure being operated and maintained by private organizations, effective emergency planning and response systems require a partnership between the private sector and the government. AT&T understands that a functioning communications network is vital to mitigating the effects of declared disasters and, as always, AT&T is dedicated to providing high quality and reliable service in times of crisis.

No matter the disaster, planning and preparation are critically important to an efficient response by both the public and private sectors. For AT&T's part, this includes prepositioning assets and personnel and maintaining the flexibility to address different events. For example, there may be some advance warning of potentially devastating blizzards, floods and storms; but some potential harms, such as those from an earthquake or terrorist attack, come with little or no advance warning. We try to anticipate, plan, and prepare for the entire spectrum of possibilities, and we regularly train and re-certify our employees and partners who support this process. A key focus at AT&T is our on-going post-event analyses that identify lessons learned from our experience and from others during each event.

Many times, when a disaster occurs, AT&T may need to reassign technicians from other, unaffected areas to help recovery efforts. These technicians are often volunteering to leave their homes for up to three weeks to help another state recover, rebuild and get critical services back up and running.

What AT&T has learned along the way is that when disaster strikes, government, business, non-profits, and individuals all lend a hand to help repair and restore damaged property and services. Eliminating barriers that hinder response is key to any effective recovery. The ability to bring equipment, personnel, and other resources into the state from across the country to minimize the potential consequences of disasters and restore communications as quickly and efficiently as possible is vital to government, businesses, and the public at large.

Unfortunately, during past disasters, AT&T has encountered regulatory and legal roadblocks that have prevented our employees from getting on site and working as fast as possible. The goal of AB 405 is to temporarily relax regulatory, tax and licensing laws to allow out-of-state workers to come to Wisconsin and help us get back on our feet.

It is important to note that the language of the bill is limited to a very specific period of time and a very specific type of work. The rules are relaxed only when the Governor declares an

emergency and only pertains to workers who are working on disaster-related work on critical infrastructure, which is defined as the networks of electric, telephone and cable operations.

It is also important to note that the tax rules do not exempt employees or employers from paying sales and use taxes while the employees are in state. If we need to bring employees from another state during a disaster, AT&T and those employees will pay all normal taxes such as hotel room taxes, gas taxes and sales taxes.

The bottom line is that AB 405 makes Wisconsin better prepared to receive help when it needs it most and makes it as efficient as possible for companies like AT&T to get our networks back up and running in the event of a large-scale disaster.

Thank you for considering AB 405 and thank you for your support.



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AB 405 - Out-of-State Emergency Aid Workers Testimony

Good morning and thank you for the opportunity to speak on this bill today. My name is Bill Skewes and I am the Executive Director of the Wisconsin Utilities Association (WUA). Joining me is Jennifer Janacek, Director of Tax for Alliant Energy and a member of WUA's Taxation Committee who is here to assist me in answering any tax questions of a technical nature.

We represent Wisconsin's investor-owned gas and electric energy providers and we are pleased to testify in support of AB 405. I appreciate the chair scheduling it for a hearing and for Reps. Petryk and Loudenbeck for authoring this bill and all of the committee members for co-sponsoring.

As you may know AB 405 exempts out of state utility workers who are in Wisconsin to help restore power and communications during a state of emergency, such as a tornado or flooding, from having to file Wisconsin income tax or pay state and local permit and license fees for the duration of that emergency.

We are seeking this legislation that has now passed in 21 other states to pre-empt a problem seen in the aftermath of Superstorm Sandy in 2012. In the energy industry, utilities across most jurisdictions cooperate with each other to help restore service during and after natural disasters.

We do this because heat, electricity and communications facilities are critical infrastructure that is crucial to quality of life and, in extreme instances, necessary to even sustain life itself. However, after Superstorm Sandy utility workers from around the U.S. who had volunteered to help restore power on the east coast were in some cases stopped in their tracks because they had not filed proper paperwork even though they were fully trained and licensed in their home states. This should never happen.

We should make things as easy as possible for out of state emergency aid workers who come to Wisconsin to help turn the lights back on, the phones back up and the heat flowing. Instead of sending them an income tax form, we should be sending them a thank you note.

Thank you and we'd be happy to answer any questions.