



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #346

Oil Pipeline Terminal Tax Distribution -- Sum Sufficient Reestimates (Miscellaneous Appropriations)

[LFB 2007-09 Budget Summary: Page 390, #4]

CURRENT LAW

Public utilities in Wisconsin are subject to state taxation in lieu of local general property taxation. The state tax on pipeline companies is an "ad valorem" tax that is based on the state assessed value of the company's property multiplied by the statewide average property tax rate. All proceeds from the tax are deposited in the general fund and are estimated at \$10.3 million in 2007-08 and \$11.9 million in 2008-09.

The oil pipeline terminal tax distribution provides payments to municipalities where oil pipeline terminal facilities are located. The payment equals a proportionate share of the pipeline company's state tax payment based on the terminal facility's historical cost as a percentage of the gross book value of the pipeline company in Wisconsin. The program was created in 2005 Wisconsin Act 25, which limited the program's first payment in 2006-07 to no more than \$652,100. That payment was made to the City of Superior where the Enbridge Energy Company operates an oil pipeline terminal facility.

GOVERNOR

Increase payments by \$514,900 GPR in 2007-08 and \$602,900 GPR in 2008-09 to reflect estimated oil pipeline terminal tax payments of \$1,167,000 in 2007-08 and \$1,255,000 in 2008-09 under the sum sufficient appropriation.

MODIFICATION

Decrease payments by \$95,600 GPR in 2007-08 and \$66,500 GPR in 2008-09 to reflect estimated payments of \$1,071,400 in 2007-08 and \$1,188,500 in 2008-09.

Explanation: Relative to the Governor's estimates, the preceding amounts reflect lower estimated tax payments by Enbridge Energy Company to the state.

	Change to Bill	Change to Base
	Funding	Funding
GPR	- \$162,100	\$955,700

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