



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #590

Public Utility Aid -- Sum Sufficient Reestimate (Shared Revenue and Tax Relief -- Direct Aid Payments)

[LFB 2013-15 Budget Summary: Page 433, #2]

CURRENT LAW

Utility aid compensates counties and municipalities for costs they incur in providing services to public utilities. These costs cannot be directly recouped through property taxation since utilities are exempt from local taxation and, instead, are taxed by the state. Aid is limited to three types of qualifying properties owned by certain public utility companies. These companies include investor-owned and municipally-owned light, heat, and power companies, qualified wholesale electric companies, transmission companies, electric cooperatives, and municipal electric associations. Qualifying utility property includes electric substations, general structures, such as office buildings, and power production plants. Aid on substations and general structures is computed by applying a rate of nine mills to the net book value of the qualifying property. Aid on power production plants equals \$2,000 multiplied by the plant's generating capacity, expressed in megawatts. If the production plant derives energy from a renewable energy resource or from garbage, an additional \$2,000 per megawatt is paid. If the production plant began operating after 2003, additional aid may be paid based on the plant's location or its use in cogeneration or as a baseload plant. Finally, payments are made if spent nuclear fuel from production plants is stored in the county or municipality. Aid payments are divided between the county and municipality where the qualifying property is located based on percentages specified in the statutes. In 2012 (2012-13), utility aid payments equaled \$33.0 million for counties and \$34.8 million for municipalities, or \$67.8 million in total.

GOVERNOR

Increase estimated payments by \$588,800 GPR in 2013-14 and \$2,601,800 GPR in 2014-15 from the sum sufficient, public utility distribution account appropriation to reflect estimates of payment amounts. With these adjustments, base level funding of \$66,473,200 would increase to

\$67,062,000 in 2013-14 and \$69,075,000 in 2014-15.

MODIFICATION

Increase estimated aid payments by \$2,038,000 GPR in 2013-14 and \$1,525,000 GPR in 2014-15.

Explanation: Total aid payments are estimated at \$69,100,000 GPR in 2013-14 and \$70,600,000 GPR in 2014-15. These amounts represent increases of 1.9% in 2013-14 (over the 2012-13 actual payment of \$67,785,400) and 2.2% in 2014-15 (over the 2013-14 reestimate). The 2012-13 total is known because the final payments from the appropriation were made in November, 2012. Relative to that total, the AB 40 estimate for 2013-14 represents a decrease in payments of 1.1%. Instead, this reestimate forecasts payments in both years to increase, due largely to increases in the value of property aided under the nine-mill formula. Those increases reflect enhancements to the state's electric transmission system that require additional substations and substation improvements. Also, capacity aid on power production plants is estimated to increase because 80 megawatts of generating capacity is estimated to be added to the calculation of those payments during the biennium.

Change to Bill Funding	
GPR	\$3,563,000

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