



Legislative Fiscal Bureau

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May, 2019

Joint Committee on Finance

Paper #110

Transfer Administration of High-Voltage Impact Fees (Administration -- Transfers)

[LFB 2019-21 Budget Summary: Page 26, #2, and Page 365, #5]

CURRENT LAW

Under current law, owners of high-voltage transmission lines make a one-time payment equal to 5% of the cost of the transmission line and annual payments equal to 0.3% of the cost of the transmission line to the Department of Administration (DOA), which then distributes the amounts in a proportional manner to local governments affected by the transmission line.

GOVERNOR

Transfer administration of one-time environmental impact fees and annual impact fees paid by persons granted certificates of public convenience and necessity for construction and operation of high-voltage transmission lines from DOA to the Public Service Commission (PSC). The bill would transfer all assets and liabilities, employees, employee status (permanent or otherwise), tangible personal property, contracts, rules and orders, and pending matters from DOA to PSC, as determined by the Secretary of DOA. [While provisions are included for incumbent employees, no position authority would be transferred.]

DISCUSSION POINTS

1. Under state statute, a high-voltage transmission line is defined as a "conductor of electric energy exceeding one mile in length designed for operation at a nominal voltage of 100 kilovolts or more, together with associated facilities." High-voltage transmission lines facilitate the delivery of electric power from generating plants to substations at a high-voltage level. The power is then distributed to consumers from the substations through lower-voltage distribution lines. The higher the

voltage, the more electric power a transmission line can carry.

2. The Commission currently regulates the construction and operation of high-voltage transmission lines in Wisconsin. Before approving the construction of a high-voltage transmission line and issuing a certificate for construction, PSC is required to analyze the environmental impacts and cost benefits of the proposed line. The Commission is also responsible for estimating the total cost of each line and the geographical distribution of the line across municipalities.

3. The Department of Administration utilizes PSC's cost calculations to collect fees from owners of high-voltage transmission lines and to distribute fee revenues to local units of government. Fee revenues are deposited into two continuing PR appropriations within DOA (an appropriation for environmental impact fees and an appropriation for annual impact fees). Neither appropriation contains estimated expenditures or position authority. As continuing appropriations, expenditures are limited only to the amount of revenues generated by fees.

4. Under current law, local governments receive a one-time payment of revenue from the environmental impact fee, equal to 5% of the cost of the transmission line, as determined by the PSC. The Department distributes half of the revenue from the fee to the affected counties in proportion to the cost of the line segment attributable to each, and half to the affected cities, villages, and towns, in proportion to the cost of the line segment attributable to each. The one-time fee payment may be used only for park, conservancy, wetland restoration, or other similar environmental programs, unless the PSC approves an alternative use.

5. In addition, local governments receive an annual payment of revenue from the annual impact fee, equal to 0.3% of the cost of the transmission line, as determined by the PSC. The fee is paid annually to DOA, which then distributes it to the affected cities, villages, and towns, in proportion to the cost of the line segment attributable to each area. Counties do not receive an annual distribution. Further, statutes do not restrict how the annual fee payment may be used.

6. The table below shows revenues associated with the high-voltage transmission line fees from 2015-16 to 2017-18. In 2017-18, 144 local units of government received payments totaling \$11,415,800 (\$6,314,300 from environmental impact fees and \$5,101,500 from annual impact fees).

**High-Voltage Transmission Line Fee Revenue
2015-16 to 2017-18**

	<u>Environmental Impact Fee Revenues</u>	<u>Annual Impact Fee Revenues</u>	<u>Number of Recipients</u>
2015-16	\$2,609,800	\$3,274,100	106
2016-17	21,948,200	5,003,000	145
2017-18	6,314,300	5,101,500	144

7. The Governor's proposal does not include the transfer of position authority because DOA indicates that the workload associated with fee administration only requires an estimated 10 to 15 hours annually. Therefore, it is assumed that PSC could reallocate existing staff to process

payments.

8. The administration indicates that the transfer is intended to "consolidate the payment function with the other functions of the program currently administered by the PSC." In addition, PSC is currently responsible for several aspects of fee administration. For example, the Commission calculates fee amounts for each transmission line, estimates the geographical distribution of lines, and approves non-statutory uses of fees by local governments. Thus, it is possible that transferring the administration of fees to PSC could create program efficiencies by consolidating the program under one state entity. Therefore, the Committee could decide to approve the Governor's proposal. [Alternative 1]

9. On the other hand, the Committee could decide to take no action. [Alternative 2] Under this alternative, the payments would continue to be processed by DOA.

ALTERNATIVES

1. Approve the Governor's recommendation to transfer administration of fees paid for construction and operation of high-voltage transmission lines from DOA to PSC.

2. Take no action.

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