

Minutes of WCUTA Board of Directors Special Meeting March 12, 2019

PRESENT: Walt Christensen- Jefferson County Supervisor, Chuck Hoffman- Manitowoc County Supervisor, William Goehring- Sheboygan County Board, Lois Schepp- Columbia County Comptroller Brad Karger- Marathon County Administrator, Doug Machon- Wood County Board, Robert Sivick- Waushara County Board Administrator

VIA PHONE: Kevin Hamann- Oconto County Administrator, Bob Yeomans- Rock County Supervisor, Robert Keeney-Grant County Board Supervisor

STAFF: Alice O'Connor- WCUTA, Kelly McDowell- WCUTA

GUESTS: Mark Wadium- Outagamie County Lobbyist

Special Meeting:

The meeting was called to order by interim president Brad Karger at 11:30 AM. A quorum was present.

The purpose of the special Board meeting was to meet with Rep. Brooks (R-60 Saukville) and Rep. Rick Gundrum (R-58 Slinger) to discuss the status of a budget proposal to increase county utility aid.

Prior to the arrival of the lawmakers, Alice O'Connor reported that Rep. Brooks is interested in including the county utility aid proposal in a package of proposals that would include changes to 911 and other items. Rep. Brooks recently met with the Wisconsin Counties Association, League of Municipalities, and Wisconsin Towns Association. Alice reported that Rep. Brooks shared that municipalities are not satisfied with the current utility aid formula, specifically the current two-third/one-third split, and would also likely seek to be included in any boost in utility aid. Alice further reported that Public Service Commission (PSC) staff confirmed that they do not have net book value of production plants by county, information that had also been sought by Rep. Brooks. Alice also reviewed new advocacy materials in support of an across-the-board increase in county utility aid, including a printout that showed the county level impact of the various distribution options.

Kelly McDowell explained that WCUTA proposal would require the Department of Revenue (DOR) to distribute to counties 20% of the subtotal basis of utility aid collections from private and municipal light, heat and power, electric cooperatives and municipal electric companies. The 20% coincides with the county share of the statewide property tax levy. Counties are receiving roughly 14% of the subtotal basis for utility aid, or \$35.1 million; the remaining 6% totals \$14.35 million. With respect to the allocation of this \$14.35 million, there was discussion that the specifics of the utility aid formula may not be needed since the base numbers were determined by the formula; we are simply applying a uniform percent increase. There was preliminary consensus that the 15% across-the-board increase, with the remainder distributed based upon net book value, was the fairest. Alice O'Connor said that the proposal would also require that utilities provide net book value for the state's 87 production plants, information that could be factored into future calculations.

Rep. Brooks and Gundrum and their staff arrived, with Rep. Brooks taking the lead in terms of offering an overall strategy. He said that the key message is that the state collects \$360 million in utility taxes, but only \$70 million is coming back in utility aid; in other words, the tax is not going to its intended purpose. Rep. Brooks also suggested that all units of local government, including school districts, should be compensated for the presence of utilities in their community.

Representative Brooks advised the Board in terms of a short-term and long-term strategy. He suggested that a short-term strategy of simply asking for increased utility aid for counties will be not be successful, there are too many competing interests for limited dollars, plus utility taxes are very low priority for legislators, most don't understand them or even know about them. The Wisconsin Counties Association (WCA) is also seemingly concerned that the request for increased utility aid will compete with other WCA state budget priorities. Rep. Brooks also said that it would have been advantageous if the proposal had been included in Governor Evers' budget, suggesting that an increase in county utility aid lacked support from the administration. In the short-term, Rep. Brooks instead recommended an approach of a budget amendment/legislation that would require utilities to report to DOR the data needed to consider potential modifications to the utility aid formula or distribution methodology, including requiring utilities to provide information by local units of government, rather than as aggregate numbers. He asked the WCUTA Board to provide him with a list of the specific data that utilities should be required to provide and offered to meet weekly or as needed to finetune a proposal. This information could then be utilized as part of a Legislative Council Study Committee in the summer of 2020 charged with reviewing the Utility Aid program. Rep. Brooks said a long-term strategy that sought to return all \$360 million in utility aid collections as PILTS should be a collaborative effort with the League of Municipalities, Wisconsin Towns Association, Wisconsin Counties Association and the various school groups. He reiterated the League's interest in changing the current formula, specifically the one-third to two-third allocation. He also suggested that there could be modifications to the utility aid formula, that it could be based upon output or whatever makes sense. Rep. Brooks, however, said that he would do whatever the WCUTA Board asked him to do, including fighting for an increase in county utility aid in the current state budget.

There was consensus that the short-term/long-term approach outlined by Rep. Brooks, while different from the options previously considered, made sense given the potential lack of support from key stakeholder groups, the challenge of competing state budget priorities, and the desire for more significant reform of the utility aid program based upon the key message that utility tax is not be returned for its intended purpose

The committee by consensus gave Alice O'Connor and Kelly McDowell direction to follow up and meet with the League of Municipalities, Wisconsin Towns Association, and Wisconsin Counties Association to determine their interest in pursuing a state budget amendment/legislation to require that utilities report to the DOR assessed book values of production plants on a county-by-county basis. The second direction included an intention to pursue legislative language of a hold harmless clause to prevent any future reduction of utility tax aid by the Department of Revenue to counties.

Representative Brooks was insistent in his resolve to fight for the issue, whichever path WCUTA may choose. However, he feels the strongest message that could be played to our advantage is this: taxes are being collected and not used for their intended purpose. This is a universal concern with taxpayers, who deserve a right to have greater transparency in government.

The meeting was called to a close at 1:30 by Interim President Karger. The next meeting will be the annual Board of Directors meeting on May 9th at the Wisconsin Counties Association office.

