

Minutes of WCUTA Board of Directors Meeting, October 4, 2019

The meeting was called to order at 10:32AM by President Brad Karger.

PRESENT: Chuck Hoffman- Manitowoc County Supervisor, Bob Yeomans- Rock County Supervisor, Walt Christensen- Jefferson County Supervisor, William Goehring- Sheboygan County Board, Brad Karger- Marathon County Administrator, Robert Sivick- Waushara County Board, Lois Schepp- Columbia County Comptroller, Doug Machon- Wood County Board Chair, Peter Kastenholz- Wood County Corp. Counsel, Kyle Christianson- WCA

VIA PHONE: Chuck Schroeder- Ashland County Administrator, Kevin Hamann- Oconto County Administrator

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

GUESTS: Mark Wadium- Outagamie County Lobbyist, John Dickert- DOR, Rep. Samantha Kerkman, Nathan Butzlaff- Office of Rep. Kerkman, Sam Munger- Office of Governor Evers.

VIA PHONE: Don Kriefall- Washington County Supervisor, Clark Schroeder – Ashland County administrator, Roger Kahl – Vernon County Supervisor

GUESTS: Sam Munger – Governor's Office, Policy Analyst, John Dickert, administrator, Dept. of Revenue Division of State and Local, Representative Samantha Kerkman (R-Salem), Nathan Butzlaff, Office of Representative Samantha Kerkman, Kyle Christensen – Wisconsin Counties Association, Mark Wadium, Outagamie County.

Approval of Past Minutes: Supervisor Yeomans moved to approve the minutes of the May 9,2019 Board

Treasurer's Report- WCUTA Treasurer Supervisor Yeomans said for the period of May 1, 2019 to September 30, 2019 WCUTA reported total assets were \$57,256.08, comprised of \$16,429.40 in checking and \$40,826.68 in a CD that matured in July 2019. The CD gained \$204.44 in interest in the period. The checking account gained \$8.50 in interest in the period. Total expenses accounted for \$19,061.75 in the period. The checking book balance beginning with May 1, 2019 was \$30,497.05 and \$40,622,24 in the CD for total assets of \$71,119.29 .

Income Since May 1, 2019 with 2019 dues collected from the following counties was as follows: Sheboygan, Grant, Douglas, Buffalo, Kewaunee.

2019 Dues: Chair Karger reported all WCUTA members have paid their 2019 dues except for Vernon and Ozaukee County.

DISCUSSION FOR DECISION ABOUT 2020 WCUTA UES AMOUNT Executive Director Alice O'Connor discussed the 2019 dues payments, and said the board could choose a multiplier of .0015 as it has for years, or do a slight increase to .0020 of estimated Dept of revenue payments. . She said that the 2019 dues will generate \$25,000 to \$30,000 if the Board maintains the .0015 multiplier. Supervisor Yeomans said the Association has enough in the checking account to keep us going for the next year. He questioned the likelihood of members getting some relief from the State this year. Alice went through the Legislative timeline which is limited, five days left at most, when the legislature will be in session. Supervisor Yeomans said if we can change the law to better benefit counties from the utility tax formula and get it done in the next 24 months, then we don't need to raise dues. He said if we are looking at a three year projection, then the dues may need to be raised slightly. Alice said we are probably looking at 2021, which is 24 months. Supervisor Yeomans said we are spending about \$10,000 more this year for

legislative efforts by adding a second lobbyist. Administrator Sivick questioned how much of an increase we would need. Supervisor Yeomans said we would need another \$10,000 next year. The Association spends around \$38,000 per year, leaving about \$10,000 in checkbook. Supervisor Hoffman raised concerns that Manitowoc County dues would increase by \$1000, or by one-third. Alice said that she did not want to lose members over a dues increase because we need everyone's participation. Administrator Sivick said he viewed it as an investment, not as an expenditure and that we needed to act if we are going to bring about change. Motion by Administrator Sivick to increase dues multiplier to .0020 and approve the Treasurer's report, seconded by Supervisor Keeney. Motion carried.

Executive Director Report: Alice O'Connor and Kelly McDowell provided an update on a revised legislative strategy.

Ms. McDowell said that Representative Samantha Kerkman (R-Salem) is the lead author of the utility aid data transparency bill. Having access to currently-reported utility company asset data will strengthen our efforts to increase utility aid payments. Better data will allow elected officials to make more informed judgements about the utility aid distribution methodology, as well as anticipate changes in state aid due to other factors, such as alterations in the energy use mix.

The bill was explained as follows: It would require the Department of Revenue to annually publish by county and municipality the prior year net book value of qualifying utility company assets and production plants as reported on the UT-144: Utility Company Assets report - DOR's form for shared revenue purposes. DOR would also be required to publish the net book value of private and municipal light, heat, and power company property as reported to the Public Service Commission. She explained that number is already reported on DOR's form LP-003: Light, Heat and Power Company's Annual Report for License Fee Purposes. It was explained the PSC net book value amount as reported on the LP-003 form includes the shared revenue net book value, plus land rights, other transmission, distribution and general plant, other plant assets (waste treatment), less leased property, and construction work in progress.

During the discussion the Board was directed to look at the handout showing the 2018 differences between the DOR and PSC net book value figures for private light, heat, and power company property. In 2018, the net book value for private light, heat and power companies as reported on the UT-144 was \$7.66 billion, while the net book value as reported on the LP-003 was \$32.7 billion, *a difference of \$25 billion*. The information we received from DOR also shows the net book value for rural electric cooperatives as \$328.8 million.

The bill would also require DOR to publish by county and municipality depreciation amounts, generating capacity of production plants, the value and depreciation amounts of substations and general structures, and, if applicable, the date on which property is closed or decommissioned. The bill would also require DOR to publish the amount of utility tax collections and utility aid payments by county and municipality. Finally, DOR would have to provide each county and municipality that receives a utility aid payment an itemization of its payment that shows the amounts generated from each formula component used to calculate the payment.

The memo titled "**Please support utility aid data transparency act**" is intended to be used in WCUTA's lobbying outreach.

Sam Munger, the tax policy analyst for Governor Tony Evers, heard from Supervisor Yeomans how utility aid payments are stagnant. Mr. Munger said he understood and that there is a dynamic of increased intake by the state broadly across many areas. He said they include multiple remedies in the state budget, some were approved, others were not. Mr. Munger said that the Governor is broadly supportive of transparency and that it was useful to get this background.

Alice and Kelly reported that the Wisconsin Utility Tax Association, the Wisconsin Towns Association, and the League of Wisconsin Municipalities have signed on as part of a Coalition supporting this legislation after different approaches that were tried, were not successful. The Wisconsin Counties Association is currently reviewing the bill.

Alice said that she and Kelly would ask Senator Devin LeMahieu from Sheboygan County who chairs the Senate Utilities Committee to be the Senate lead author. She will work with Supervisors Bill Goehring and Supervisor Chuck Hoffman to schedule an in-district meeting with the Senator. Alice also reported that she, Kelly and Kyle Christensen have a meeting scheduled next Tuesday with Bill Skewes, Executive Director of the Wisconsin Utilities Association. Mr. Skewes forwarded a copy of the utility aid data transparency bill draft to his members for review and feedback. The utility companies have stipulated that the bill should not increase their administrative burden, lead to increased taxes, or result in information being shared other than with the DOR. Members discussed how we might overcome their concern with confidentiality. Supervisor Christensen suggested that one option might be to stipulate that the information would be used for our own purposes, that it not be published. The point was then made that all of the information is currently public and could be obtained via the open records law.

Speaker Rep. Samantha Kerkman (R-Salem) spoke of her interest in tax policy and utility taxes, the latter due to her having the state's second largest power plant in Pleasant Prairie in her district. Pleasant Prairie depends on \$1.5 million in revenue; that is why her priority is Assembly Bill 235 which would create a levy limit exception for a political subdivisions that receive capped utility aid payments. Separately, Assembly Bill 173, which she also authored with Senator Rob Cowles (R-Green Bay) is a GPR dashboard that would allow for more transparency as to where state revenues are coming from. Senator Cowles is leading the charge, though it has not been among his priorities this session. Supervisor Hoffman told Rep. Kerkman that Kewaunee lost a nuclear plant, and that a new solar plant is being built. He said the Kewaunee substation is going to be used to bring power back onto the grid. Supervisor Yeomans said there is a huge transition in energy, yet we have an antiquated utility aid formula. He said we are interested in seeing where we might make some improvements. Rep. Kerkman said that the Town of Paris is building a 250 megawatt solar plant. Supervisor Christensen said that Jefferson County is also looking at solar plants. He also assured Rep. Kerkman that WCUTA members would contact their legislators to support AB 235 and the utility aid data transparency bill.

Speaker John Dickert, administrator of the Department of Revenue's Division of State and Local Taxes said that when you talk about local governments and utilities, the Governor gets it. As a former Mayor, he said we can't expect communities to do great things when you're telling them they're going to lose more and more. DOR Secretary Peter Barca asked him to take a fresh look at the division of state and local government. This division also oversees utility tax distribution. Local governments do not have the tools to provide good services and build the economy. He has four legislative ideas in front of Secretary Barca but he needs to first have conversations and get feedback from local officials. Shared revenue, levy limits, utility aid, are all being considered. He said we are working under formulas that are quite old, in some cases ancient. He has already had roundtables with assessors, town chairs, village chairs, administrators, etc. to get feedback. DOR is going to have a live website where you can see everything that is happening. Mr. Dickert said his job is to bring fixes that enhance efficiencies and effectiveness. He said the Department is still challenged to properly manage everything under its purview. Mr. Dickert said that utility taxes are paid by customers, and that we can't expect communities to grow if they are getting less money. He said that the City of Sheboygan lost half of its utility aid this year. DOR has to figure out how to solve the problem. ON a separate issue he said DOR is putting together a platform where local governments who were penalized for late payments to the state, even though the address where the original bill was sent-- was incorrect --won't happen again. Mr. Dickert said DOR is working to shift the burden of accurate information to each unit of local government. this would solve mail never being received and he said there would never be a question about what is due and when.

Corp. Counsel Kastenholz asked Mr. Dickert if DOR could just provide the utility aid transparency report, do we need legislation? Mr. Dickert said he has to consult with DOR attorneys before releasing information and answering that question. Supervisor Yeomans asked about competition for dollars, if we get more, who gets less. Mr. Dickert has counseled the Governor to build a new model. “How do we create a system that allows local governments to get along better? After that, everything else works.” Mr. Dickert is dealing with employees who are conducting business “because this is the way it has always been done.” Mr. Dickert said we also need to get at Dark Stores legislation which is killing revenues for the state.

Board members continued to discuss whether we need legislation, if DOR can voluntarily produce the report with the numbers we seek. Consensus is still to pursue legislation as there are no guarantees that DOR will comply. Supervisor Yeomans asked whether we can be sure we will be getting the correct information? Ms. McDowell said she felt comfortable that we were asking for the major components, and that it we could potentially work to fill in the blanks if needed. Alice suggested that we draft a request for a Special Legislative Council Study Committee. Supervisor Karger framed the issue as being important because we are moving toward renewable energy and plants are closing , so we need to look at a new formula.

PSC RULINGS ON Cardinal Hickory Creek Power line Project: Alice said there are a lot of lawsuits going on. The Public Service Commission (PSC) has approved. The matter may not be over though since the Iowa Public Service Commission and U.W. Fish and Wildlife also need to approve.

Next Meeting Date: The date for the next WCUTA Board of Directors meeting was set for Friday, December 6th.

Meeting Adjourned: The meeting adjourned at 1:28 pm by a motion from Supervisor Christensen, seconded by Supervisor Yeomans. Motion passed.