

## Minutes of WCUTA Board of Directors Meeting – December 6, 2019

The meeting was called to order at 10:40AM by President Brad Karger due to phone difficulties.

**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, Dan Bahr - WCA

**VIA PHONE:** Chuck Schroeder- Ashland County Administrator, Kevin Hamann- Oconto County Administrator, Don Pazynski, Marinette County Supervisor

**STAFF:** Alice O'Connor- WCUTA

**GUESTS:** Mark Wadium- Outagamie County Lobbyist, John Dickert- DOR, Rep. Samantha Kerman,

**Approval of Past Minutes:** Supervisor Yeomans moved to approve the minutes of the October 6, 2019 Board, seconded by Supervisor Hoffman. Minutes approved.

**Treasurer's Report- WCUTA Treasurer Supervisor Yeomans** said for the period of September 30, 2019 through November 30<sup>th</sup> 2019 WCUTA reported total assets of \$57,255.68 comprised of \$16,429.00 in checking and \$40,826.68 in a CD that matured in July 2019. The checking account gained \$2.64 in interest during this time. Total expenses accounted for \$3,768.00 during this period for a CSI September invoice. The checking book balance beginning with October 1, 2019 was \$16,429.30 and \$40,826.68 in the CD for total assets of \$57,255.68. The check book balance as of November 30, 2019 is \$28,872.18 with the CD and its accrued interest at \$40,878.13 For total assets of \$69,750.31.

Dues income between October 1 and November 30, 2019 from dues collected from the following counties: Crawford, Columbia, Kewaunee, Marinette, Oconto, Ozaukee ( who paid their 2019 and 2020 dues), Vernon, (who also paid their 2019 and 2020 dues), LaCrosse, Jefferson and Wood Counties. Two additional counties have expressed interest in joining --Monroe and Pepin.

A vote on the Treasurer report was delayed until the next meeting because Supervisor Yeomans indicated the report had errors he wanted to fix.

### **Executive Director Report:** Alice O'Connor

Alice reported on the meeting that Senator Devin LeMahieu from Sheboygan County, who chairs the Senate Utilities Committee attended along with our board members Supervisor Hoffman and Supervisor Goehring and WCUTA Legislative Counsel, Kelly McDowell. Due to the significant loss in utility tax revenue under the formula Sheboygan and Manitowoc lost a lot of money. At that meeting Senator LeMahieu indicated he didn't feel legislation was the correct pursuit to remedy a reduction in funds. He offered to obtain additional figures from the Legislative Fiscal Bureau to determine how much utilities pay the state, and what amounts are returned to the two counties in his district. His constituent local elected officials received those numbers, but they still feel there is no remedy to slow the reduction in utility tax funds. They have been told that in a Dept of Revenue clean up package, their financial loss will be spread out over a longer period of time. No one has seen specific language yet.

Alice provided background on the two handouts related to possible remedies for legislation to be discussed. One is whether WCUTA should pursue an audit of utility taxes by the Dept of Revenue through the Joint Audit Committee; or should WCUTA pursue a broader Legislative Council Study

Committee of utility taxes to determine if this is the best way to distribute payments in lieu of taxes to local governments. She indicated that in discussions with Kyle Christiansen from the WCA, the WCA was more inclined to support a Study Committee over an Audit because they did not feel an audit would show an issue with how funds were used by Douglas currently. DOR would say they are complying with the statutory formula and use funds as they are allowed to do. DOR is restricted to a formula to distribute revenue from utility tax collections back to local governments.

Alice provided background on all the options prior to the arrival of guest speakers.

**Nathan Butzlaff, Representative Samantha Kerkman (R-Salem)**

Nathan said Assembly Bill 173, which his boss coauthored with Senator Rob Cowles (R-Green Bay) passed unanimously out of a committee hearing this week. It is a GPR dashboard that would allow for more transparency as to where state revenues are coming from and how they are being spent, It is unclear if this bill will move forward to passage. WCUTA supports.

He indicated that his boss had pursued trying to obtain the information we had requested about a breakdown of utility values. As a cochair of the Audit Committee, Rep.Kerkman can get any numbers she asks for. But, the response from the State Auditor to her cited three statutes inhibiting his ability to even provide the co-chairs of the Audit committee all that they had asked for unless they did not share it with anyone. This continues to puzzle everyone.

Even if Rep. Kerkman was to obtain all currently-reported utility company asset data, it does not appear we would be able to look t it. Even though utilities fill out two forms that provide all this information, neither the Dept. Of Revenue or PSC, can share information unless we change the law.

**John Dickert, DOR, Director of State and Local Taxation.**

John discussed the desire for a complete lifting of Revenue caps as a way to get more money to local communities. He said the reason he had been unable to obtain a DOR legal memo indicating what utility data could be shared with us was similar to what the state auditor told Rep. Kerkman. Under current law DOR has 14 different confidentiality provisions they must abide by. Mr. Dickert said DOR has a technical bill coming that Republicans had agreed to 9 items out of a possible 14. He said local governments are starving and he has about 30 groups who want caps lifted. He said revenue caps are a bad idea that has failed.

He also expressed frustration that there is such a large discrepancy between the DOR and PSC net book value figures for private light, heat, and power company property that are provided to each state agency. John said utilities routinely sue the Dept of Revenue to fight what they say are overly high assessments and therefore too much taxation. John said it makes it difficult to be in conversation with them because DOR is always being sued.

He said both the PSC and DOR are aware of the discrepancy in numbers. Ie . the Utility tax form 144, for 2018, the summary net book value for private light, heat and power companies was \$7.66 billion, while the net book value as reported on a different form (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.

Nathan indicated his boss was not yet committed to pushing our legislation with these barriers in place but she wants to be in dialogue with us.

There is consensus that working with the Wisconsin Counties Association, WCUTA would also like to make sure that Wisconsin Utility Tax Association (towns), the Wisconsin Towns Association, and the League of Wisconsin Municipalities are also engaged with us to change the law for a longer term view.

Mr. Dickert said DOR Secretary Peter Barca asked him to take a fresh look at the division of state and local government and he has four legislative ideas in front of Secretary Barca now. The areas relate to shared revenue, levy limits and utility aid are all being considered. He said 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. He said DOR must figure out how to solve this 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 DOR's problem of mail never being received and he said there would never be a question about what is due and when.

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 "Dark Stores" legislation passed because it is killing revenues for the state.

Chairman Karger framed the issue as being important because we are moving toward renewable energy and plants are closing. We need to look at a new formula.

**Miscellaneous item related to the PSC RULINGS ON Cardinal Hickory Creek Power line Project.**

Alice said there are a lot of lawsuits underway from all sides. 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 the project.

**Next Meeting Date:** The date for the next WCUTA Board of Directors meeting was set for Friday, February 7 at the WCA offices.

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