

Final Minutes of WCUTA Board of Directors – February 7, 2019

The meeting was called to order at 10:30 AM by Board chair Bill Goehring.

PRESENT: Chuck Hoffman- Manitowoc County Supervisor, Bob Yeomans- Rock County Supervisor, Robert Keeney- Grant County Board Chair; Vern Gove- Columbia County Board Chair, Walt Christensen- Jefferson County Supervisor, William Goehring- Sheboygan County Board, Robert Sivick- Waushara County Board; Lois Schepp- Columbia County Comptroller

VIA PHONE: Don Kriefall- Washington County Board; Don Pazynski- Marinette County Supervisor, Mechele Shipman- Chippewa County; Kevin Hamman- Oconto County Administrator; Clark Schroeder, Ashland County Administrator

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

GUESTS: Mark Wadium- Outagamie County Lobbyist; Tyler Huebner and Jim Bouillon from RENEW Wisconsin

APPROVAL OF PAST MINUTES: Supervisor Yeomans moved to approve the minutes of the December 6th meeting, seconded by Supervisor Hoffman with the correction that Supervisor Robert Keeney was present at the December 6, 2019 meeting, not absent. Motion passed.

AUDIT COMMITTEE CREATED

Chairman Goehring called for volunteers to chair the Audit committee that will review the WCUTA Financial records just before the next board meeting. The 2020 Audit committee will be comprised of Supervisors Yeomans, Christensen and Keeney.

TREASURER'S REPORT Supervisor Bob Yeomans

Supervisor Yeomans said the Treasurer report was still not accurate from the December meeting .He said once approved he wants a correct treasurer report sent to the members from the Dec 6, 2019 and Feb 6, 2020 board meetings. He conveyed the following figures from the September 30, 2019 through November 30, 2019 Treasurer's report. The opening balance as of September 30, 2019 was \$16,429.40 with a CD worth \$40,826.68 and check book interest of \$1.72 and expenses at \$3,768.00. Dues generated during this period totaled \$16,209.06, leaving assets as of November 29, 2019 with \$28,872.18 and a CD valued at \$40,878.13 for a total asset value of \$ 69,750.31.

Beginning November 29, 2019 through January 31, 2020, the opening checking balance was \$28,872.18 with the CD valued at \$40,878.13 for assets of \$69,750.31. Revenue generated was \$9,569.02 during this period. Interest from the checking account was \$3.21 and expenses of \$11,342.33. WCUTA total assets as of January 31, 2020 are \$67,980.21. This is with \$27,102.08 in the checkbook and a CD valued at \$40,878.13.

Supervisor Yeomans said 2020 dues outstanding is approximately \$16,000. He said WCUTA can spend \$3900 monthly until the end of the year and not tap into the CD. He said average monthly expenses are around \$3500 per month. Motion by Supervisor Keeney, seconded by Supervisor Christensen to approve both Treasurer's Report once corrected. Motion passed.

MEMBERSHIP/DUES UPDATE

Alice O'Connor reported that the updated mailing list was sent around this past month and multiple corrections were made. It is always a work in progress. She also said that many dues have come in. She hopes that by the Spring meeting we will have 100% of the dues paid. A chart of paid dues to date was shared.

EXECUTIVE DIRECTOR'S REPORT- Alice O'Connor with contributions from additional lobbyist Kelly McDowell

Alice reported that there was a deadline to submit Legislative Council Study Committee scope statements to Rep. Robert Brooks office. She said that there were more than 100 submissions but only 15 will be chosen for further consideration. It will be whittled to less than ten study committees once the full Legislative leadership votes, some time in March. The Speaker has indicated an interest in approving our issue as a study committee. She said that John Dickert from the Department of Revenue (DOR) prefers that there not be a Legislative Council Study Committee so DOR could work with us and not be restricted to any scope statement. Alice said she was not in a position to advocate against the creation of the Legislative Council Study Committee. She said she hopes that two tracks could be pursued, the Legislative Council Study Committee and a DOR work group.

If approved, WCUTA will have an opportunity at the front end to determine what the parameters of Legislative Council study would be. This would be in collaboration with the WCA. Alice said that even if our study committee is not chosen, the submission will be a public document and it will elevate the issue of utility aid in the minds of leadership. No final decision will be made until after March.

The paragraph submitted to assist in drafting the scope statement to Rep. Brooks at his request was: *The Study Committee is directed to review the utility aid distribution methodology to determine if the payments-in-lieu-taxes are fair and equitable and examine the causes of declining utility aid payments, including changes in the State's energy mix, that adversely impacts local property taxpayers. Following its review, the committee shall recommend legislation that ensures that the distribution of utility collections to eligible local units of government is fair and equitable and considers changes in the State's energy mix.*

The Board discussed many variables associated with a study committee. There was a difference of opinion among board members as to whether telephone companies are taxed. Telephone companies own the poles and pay for land easements. There was discussion that telephone utility taxes were decreasing because fewer people own land lines. Board members want a formula that works into the future and believe telephone companies should be included in any study focus, as well as gas pipelines. Board consensus that taxation should be consistent and it currently is not. Ashland Administrator Schroeder said that a lot of pipeline companies are just paying for easements and seldom own the property. Supervisor Christiansen said in Jefferson County fees are paid on the length of time needed for easements. He said Ashland County explored whether they could tax easements or charge a pipeline user fee. They were told by the DOR they could not, because taxation of pipelines is in the domain of federal regulations, and multi-national companies that would be impacted are not interested in negotiating licensing fees with each county. After discussion, consensus from board that our messaging has to be that we are not asking for new taxes because pipelines already pay \$45 million annually in utility taxes. There was discussion that in Minnesota, a portion of the taxes that the pipelines pay are returned to local governments.

Everyone agrees a study will help determine what the end formula and methodology should be. WCUTA has consistently asked for a fair distribution of utility aid based on current dollars collected by the state.

Supervisor Yeomans said we need a new formula. Mr. Sivick said that as part of the study, we need to look at how local governments raise revenue and why local governments need the revenue yet the state collects and disproportionately keeps.

Further discussion was around whether cell phone towers are utilities and if they should be paying taxes. Mr. Sivick said that counties need to be compensated for emergency management, i.e., there are pipeline spills. Mr. Sivick said the broader issue is that the state continues to shift costs down to counties, and it is difficult for counties to provide basic services. Ms. McDowell said that Rep. Brooks wants to highlight the issue of utility aid and believes that by “going big,” he will garner the needed media attention to raise public awareness so that lawmakers hear from their constituents. Mr. Goehring said that local governments coming together as a coalition has opened eyes of representatives. Mr. Wadium said it is best to have both a DOR study group and a legislative study committee.

Supervisor Yeomans moved to support the approval of a Legislative Council Study Committee on utility taxes, seconded by Supervisor Keeney. Motion passed.

After this discussion, Ms. McDowell shared additional handouts that were not sent via email prior to the board meeting. They provide additional background information on the state utility tax collections and sparse return to local governments. She will email these handouts to members after the board meeting. One handout showed county utility aid as a percent of the total share revenue payments. This reaffirms the importance of utility aid as a state revenue source for counties. A second handout shared from the 2019 DOR report shows counties received 48% of the total utility aid payments and 16% of county and municipal aid. Of the total 2019 shared revenue payment, counties received 18%. On a per capita basis, counties received \$6.17 of the statewide average of \$12.77 in utility aid payments. By comparison, counties received \$27.33 of the \$152.94 per capita in total shared revenue payments. A third handout, prepared by the Legislative Fiscal Bureau at the request of Senator Devin LeMahieu, shows by county, the net book value of utility property qualifying for aid under the nine mill formula, the megawatt capacity of production plants qualifying for aid under the \$2,000 per megawatt formula, and the public utility aid payments. Ms. McDowell said that the LeMahieu document is complemented by details about utility aid payments that can be found on the DOR website at: <https://www.revenue.wi.gov/Pages/RA/Shared-Revenue.aspx>. A fourth handout was a DOR paper explaining the Shared Revenue Utility Aid Formula and a copy of the statute governing public utility aid; [79.04 Wis. Stats.](#) These reference papers can provide additional background on how the utility tax formula works.

Speaker: Tyler Huebner, Executive Director of RENEW Wisconsin, was joined by his colleague, Jim Bouillon. Mr. Huebner said the organization has been around since 1991. He said even though the energy world has changed a lot, it remains in an experimental phase. Wind is 69 percent cheaper than it was ten years ago. He said costs have declined dramatically for solar and wind, so that they are now cost competitive. His group is working on how to help renewables be more affordable and benefit ratepayers. There was discussion that wind farms are taxed on megawatt hours of production – but nameplate capacity is what is paid to local governments. Supervisor Hoffman said there is a limit to how much a township can receive. Under the per cap, a town’s payment may not exceed \$424 per capita. Supervisor Hoffman said that towns get some payment-in-lieu-of-taxes, but it’s not much.

Moving away from coal plants, Mr. Huebner referred to two currently enacted laws – Act 61 relating to decommissioning plants and Act 45 which allows for local governments to exceed revenue limits to replace lost utility aid stemming from plant closures. By example, he said the plant in Pleasant Prairie

was shut down 20 years early because it cost too much to run. Utility companies are pushing to reduce carbon emissions and factor in costs. Mr. Huebner says companies are looking to balance gas and solar. He said that most utilities will have more flexibility with wind and solar.

Supervisor Hoffman said that Act 45 allows for outside dollars to be replaced with property tax dollars, saying we need statutory language to convert decommissioned plants back to usable property. Mr. Bouillon said they are putting solar on some of the coal sites, but sometimes the size of the footprint is insufficient. Supervisor Hoffman said he can't see taking good farmland and putting solar on it.

Mr. Huebner said the occurrence of transmission lines bringing renewables into the state is going to increase. He cited two recent examples. Energy being imported into the state are the Badger Coulee and Cardinal-Hickory Creek lines. RENEW Wisconsin supported these lines because they are weather-based resources. Mr. Huebner said the bigger the grid, the more reliable that source of energy. Today in Wisconsin, there is 130 MW of solar. RENEW Wisconsin shared a printout showing how much utility tax revenue will flow to local units of government for projects in the queue for the midwestern transmission system. He said people are developing projects that are not on the list. He said that farmers are earning \$800 to \$1200 per acre in rent. There are probably \$1 million in solar rent payments to farmers in Chippewa County. RENEW Wisconsin is trying to figure out how to help impacted neighbors. Once 50 acres or more is used for a solar farm, the property is exempt from the property tax. A question was asked why utilities are exempt when they don't own the land. It was pointed out, counties and municipalities receive more revenue from solar through the utility tax, than they would if land were subject to the property tax.

Mr. Huebner said when a coal plant closes down, the utility will continue to pay on the investment, even though the plant is not generating any electricity. Mr. Huebner said that utilities can reduce the cost associated with a decommissioned plant so ratepayers don't have to bear the burden by switching to low interest bonds. Through refinancing, utilities can lower their interest rate from 7% to 4%.

RENEW Wisconsin is looking at a Wisconsin securitization law and environmental trust financing. Mr. Huebner said it costs utilities more to import coal and burn it, than to buy electricity from an outside wholesaler. There was discussion of a Colorado law that passed last year that provides a greater return to ratepayers, workers and local governments. Mr. Huebner said that the growth in renewables will be able to replace the lost capacity from the decommissioning of coal plants. Mr. Huebner said that total electricity use in Wisconsin has been flat since the 2008 recession. He said use is going to continue to be flat due to LED usage, conservation, and onsite solar technologies. Manufacturing is the main driver of electricity use. Mr. Huebner said taller wind turbines now reduce the need for more of them, plus wind speeds are greater. Turbines are higher now so you need fewer turbines to generate the same amount of energy. Hydro provides about 4% of Wisconsin's power; Kaukauna redid hydropower plant and upped their power. The speakers offered to meet with individual county boards.

Next Meeting Date: The Wisconsin Industrial Energy User group, has been invited to address the board at our next meeting. The date for the next WCUTA Board of Directors meeting was set **for June 5th**. At this point long time board member Supervisor Chuck Hoffman announced he would not be seeking reelection and his last day as a Manitowoc County Supervisor after many years on our board would be April 5, 2020. He was thanked for his years of service to WCUTA.

Meeting Adjourned: The meeting adjourned at 12:51 PM by a motion from Supervisor Goehring, seconded by Supervisor Christensen. Motion passed.