

## Minutes of the Board of Directors – June 5<sup>th</sup>,2020 VIA ZOOM

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

**PRESENT:** William Goehring- Sheboygan County Supervisor: Bob Yeomans - Rock County Supervisor, Robert Keeney - Grant County Board Chair, Walt Christensen - Jefferson County Supervisor, Don Kriefall - Washington County Board Chair, David Danzinger – Buffalo County Administrator, Lee Engelbrecht – Manitowoc County Board Chair, Lance Leonhard – Marathon County Administrator, Charles Maves – Dunn County Supervisor, Clark Schroeder - Ashland County Administrator, Robert Sivick- Waushara County Administrator.

**STAFF:** Alice O’Connor - WCUTA, Kelly McDowell - WCUTA

**GUESTS:** Mark Wadium- Outagamie County Lobbyist; Kyle Christiansen – WCA Lobbyist

### **WCA REPORT BY KYLE CHRISTIANSON, WCA tax and finance lobbyist**

Kyle reported the WCA has been extremely busy working with the federal government and state lawmakers and DOR to try to clarify what are reimbursable costs for counties with all the added expenses relate to Covid. He said the federal government has now signed three different stimulus packages, including the CARES Act which helps offset costs to local governments. About \$400,000 million of \$2.2 billion CARES Act was sent to City of Milwaukee, Milwaukee County, and Dane County. That leaves \$1.9 billion at its disposal. There is strict guidance on what can be used for. It cannot be used to offset reductions in state revenue. No one will receive less than \$5,000.

About one-third of \$1.5 billion is going for hospitals, nursing homes, to purchase PPE. Another \$200 million of CARES money would go to tribes, municipalities and counties. Criteria for reimbursement is somewhat limited. If state inadvertently spends on non-eligible items, the federal government will claw that money back. Still awaiting guidance on \$95 million. There are ongoing discussions and meetings about these expenditures. Administration has said there will be additional funding for counties. In addition, the state legislature enacted a law addressing COVID-19. A number of changes affecting local governments – eliminated one week waiting period for UIC, counties could delay payment of property taxes (about a dozen counties have passed resolutions to implement.)

There are still a large number of bills that the Assembly has passed but need Senate action. It will not likely occur before the November election and any bills with a fiscal note are not likely to pass because the state is going to have significant revenue shortfalls. State agencies will submit flat budget requests to Governor Evers in the next three months. Everyone is unlikely to see tax increases, which means cuts. We need to transition from playing offense to defense.

He clarified most funding in the state budget goes to Medicaid program and corrections. There are aids to local government, aids to UW System, and K-12 education. He said it is critical to continue to educate state lawmakers about what counties have been shortchanged on in utility aid. Essentially the Joint Finance Committee (JFC) can come in and cut programs, and this does not require any legislative action or approval by the Executive branch. Local government aids are not allowed to be cut by JFC or DOA. If they do a budget adjustment bill, this requires the legislature and governor to approve. Then counties might see cuts. He said we might see something next February. Everything will be on the table. It is really important that WCUTA continue to educate lawmakers about the importance of utility aid.

Alice said that DOR is really nervous that tax filings are not meeting their assumptions, even with the extended deadlines, they were 40% less. DOR said 3<sup>rd</sup> quarter revenue forecast will be very telling. Kyle said that we need to consider how to position ourselves – WCA has found that there is not a lot of sympathy about revenue loss because everyone is losing revenue. We should focus on the additional costs that are being borne by counties, especially the public health costs – contract tracing, etc. There will be a domino effect on other county services. The costs for children in need of protective services are going up. The most critical thing is to educate legislators on the costs we have incurred and the costs we are going to incur. It would be impossible to carry out statutory responsibilities with any kind of cut. Kyle said the goal is to maintain county portion of utility aid.

He said the picture is dire for local governments for next year. Projections for sales tax loss alone for counties is between 20 percent and 50 percent.

#### **UPDATED MEMBERSHIP DISTRIBUTION LIST**

Alice said there are a number of new county board supervisors and appointees to the WCUTA Board. She reaffirmed we need to continue to educate lawmakers on how the utility tax is not being redistributed to local governments after the state collects it. The state has lost sight of the original intent of payments after we have definitely gotten on the radar with this issue and its significance. If anyone wants any more information, Alice said that she and Kelly would be happy to be a resource.

**APPROVAL OF PAST MINUTES:** Supervisor Yeomans moved to approve the minutes of the December 6th , 2019, seconded by Supervisor. Motion passed.

#### **TREASURER’S REPORT**

Chairman Goehring said we are going to dispense with Treasurer’s report today.

#### **2020 DUES REPORT**

Alice O’Connor said just four counties have not paid their dues, she will continue to follow-up.

#### **AUDIT COMMITTEE REPORT**

Chairman Goehring said we are going to dispense with the Audit report today because we have not had time to meet in person.

#### **EXECUTIVE DIRECTORS REPORT – ALICE O’CONNOR WITH KELLY McDOWELL**

##### *Impact of COVID-19 on Government and WCUTA Legislative Agenda*

The Legislative landscape has changed, lawmakers are trying to figure out when to come back. Upcoming meetings with DOR will chart our future course of action since prior efforts during the Budget bill cycle were not successful , nor was individual legislation looking for any number of paths to increase revenue from utility taxes back to local governments.

##### *Update on Legislative Council Study Committee on the Utility Tax Formula*

There is not agreement on how to proceed, also need buy-in from Legislative Council who said they do not have capacity to hold meetings electronically. The uncertainty Instead of having a bill draft by next year, the discussion was that committees would ask stakeholders to develop and submit proposals that would be voted on. The feedback is that while WCUTA has gained traction, the time is not right for revenue uppers. The handouts from Kelly relate to moving forward with current proposals.

*Updated on DOR Workgroup*

DOR wants to sit down with WCUTA members to have a dialogue with county and municipal officials on the utility aid distribution. Alice asked members who wanted to meet with DOR as part of this group to let her know.

Kelly McDowell provided an overview of a two-page draft legislative agenda and related attachments. The handouts reminded stakeholders of WCUTA's mission to ensure that counties receive a fair and equitable return of state utility tax collections as utility aid payments. She said our handouts re-message that utility aid is necessary to compensate county and municipal units of government for foregone property tax revenues and adverse impacts from exempt utilities. She said we need to keep reminding lawmakers that counties have limited revenue raising ability, but are being required to comply with an increasing number of costly state mandates, a key point in the upcoming budget discussion when the Association may be mostly playing defense to protect the current utility aid allocation. Ms. McDowell reminded members our key utility aid issues and concerns as: 1) Utility taxes are not being used for their intended purpose; 2) The megawatt (MW) capacity payment, which comprises roughly 47% of total utility aid, has been stagnant in recent years (See attachment from Legislative Fiscal Bureau that shows the total utility tax collections and utility aid payments from 2008 to 2017); and 3) Emerging factors, including alterations in energy use mix due to price changes and conservation efforts, are likely to impact utility aid payments, thus, more study and oversight is needed.

Mark Wadium, Outagamie County lobbyist and Alice O'Connor said that we need to continue to fight for what we are entitled to have.

Supervisor Walt said that in addition to the points that Kyle made about the importance of keeping money, he emphasized that counties have been responsible actors; points that he said we should continue to use. He said we should keep this front and center, talking with legislators and government, so they do not think that we are complacent. Walt asked if we are seeing any reductions in utility tax collections. Ms. McDowell said that since utility aid is based upon maximum megawatt output and not usage, one would not expect there would be a reduction in aid payments. Similarly, she said one would not expect to see a reduction in property values that would negatively impact utility aid payments. Alice said that we would check on the status of utility tax collections.

*Questions were asked about aid payments related to decommissioned Power Plants:* Ms. McDowell reported that under 2019 Wisconsin Act 45, counties and municipalities that host a closed or decommissioned power plant may electively exceed their levy by the amount of the utility aid payment they lost in that year. Utility aid payments do not begin to decrease until the plant is decommissioned, thus a community would technically only be able to use this exemption with a decommissioned plant. There would be no revenue gap with a closed plant like Pleasant Prairie.

**NEXT MEETING DATE:** The next meeting is scheduled for September 18<sup>th</sup>. Depending upon what happens with Covid, the meeting may be in person or again via Zoom. Location to be announced.

**MEETING ADJOURNED:** Supervisor Christiansen moved to adjourn the meeting at 11:37 a.m., seconded by Supervisor Yeomans. Motion carried.