

WCUTA Board of Directors Meeting

December 8, 2017

The meeting was called to order at 10:30 by Chairman Willkom. A roll call was taken.

PRESENT: William Goehring – Sheboygan County Board, Rick Gundrum – Washington County Board Chair, Chuck Hoffman – Manitowoc County, Brad Karger – Marathon County Administrator, Brad Karger – Marathon County Administrator, Robert Keeney – Grant County Board Chair, Linda Sinkula – Kewaunee County Board Supervisor, Alyssa Spaanem – Jefferson County Supervisor, John Tramburg – Columbia County Supervisor, Lawrence Willkom – Chippewa County Supervisor, Bob Yeomans, Rock County Supervisor

VIA PHONE: Don Pazynski – Marinette County Supervisor, Robert Sivick – Waushara County

STAFF: Alice O'Connor - WCUTA, Dan Bahr – WCA, Chelsea Fibert - WCA

GUESTS: Mark Wadium – Outagamie County Lobbyist, Speaker: Gary Radloff – WI Energy Institute, Speaker: Senator Howard Marklein (R-Spring Green)

Minutes September 8, 2017 approved on a motion by Supervisor Goehring, seconded by Supervisor Hoffman

President's report – Supervisor Larry Willkom

Supervisor Willkom welcomed Waushara County with Robert Sivick, the Waushara County Administrator joining by phone. He welcome Guest Mark Wadium, from Outagamie County.

Willkom shared the letter soliciting membership in WCUTA to non-member counties. Supervisor Hoffman said we should do this every year. Alice said she would draft a follow up letter or make calls to those counties we have not heard from.

Bylaws Committee Report - Supervisor Willkom reviewed the suggested changes from the September 8, 2017 meeting and recommended the adoption with one change, delete under Article 7, last line after “committee, unless separately elected as voting members.” Bylaws as amended accepted on a motion by Supervisor Hoffman, seconded by Supervisors Yeomans.

Supervisor Tramburg added that he hopes this Board stays with one uniform standard for dues and does not split off different dues for different counties. Supervisor Pazynski agreed. Membership for Outagamie will be discussed at the next meeting. There was consensus that Outagamie County could be a non-voting ally. Mr. Wadium said since Outagamie County already pays dues to the WCA and for his full time lobbying on their behalf, it was doubtful they would pay additional dues. A reduced dues structure will be discussed at a future meeting.

Treasurer's report- Supervisor Linda Sinkula

Supervisor Sinkula reported the December 8, 2017 beginning checkbook balance of \$33,635.08 on July 31, 2017 and a CD balance of \$40,383.80. Dues collected between July 31 and November 30, 2017

totaled \$4,430.89. Interest collected totaled \$5.24. Total expenses were \$7,005.14. Total balance as of November 30, 2017 was \$71,449.87.

The Treasurer's Report for December 8, 2017 was approved on a motion by Supervisor Goehring, seconded by Supervisor Yeomans.

Audit Committee-Chair Supervisor Linda Sinkula

The Wisconsin Counties Utility Tax Audit Committee, consisting of Supervisors Linda Sinkula, Chuck Hoffman, Bill Goehring, and Bob Yeomans reviewed the books and bank statements of the Wisconsin Counties Utility Tax Association from April 1, 2016 to September 20, 2017. Since last year, dues generated regular income of \$27,538.41 and \$40,383.80 in the money market CD. The Association checking account as of September 30, 2017 with invoices paid through September 2017 is \$29,535.14

A one-year CD matured on July 31, 2017 and was rolled over with its next maturity date of January 31, 2018. (Park Bank account number 737 9279). When it matured its last renewal value was \$40,383.80. This six-month CD was previously \$40,192.58 and has continuously rolled over since the initial \$40,000 was invested October 13, 2011.

The Association assets (checking and CDs) through September 2017 is \$69,918.94 This amount is similar to where the Association was last year at this time. (The balance was \$65,369.61 in 2016 and \$68,358.08 in 2015).

The Audit report was accepted on a motion from Supervisor Yeomans, seconded by Supervisor Tramburg.

WCA Report – Dan Bahr & Chelsea Fibert

Mr. Bahr gave a report on the budget bill and he said counties did fairly well. Supervisors asked about the nursing home bed tax. Chelsea Fibert said she would provide information at the next meeting along with information on the evidence standard now required to terminate someone for cause in employment matters.

Speaker: Senator Howard Marklein (R-Spring Green), member of the Joint Finance Committee

Senator Marklein was introduced by Supervisor Keeney. Senator Marklein reviewed budget highlights (attached) and discussed the desire to reduce property taxes moving forward. Senator Marklein said in his role on the Joint Finance Committee where the budget was created, two categories drive the state budget. 1. Individual income tax – around \$8 billion which increased 3.9% this past year (about \$298,683 more.) 2. The state sales tax at \$5.2 billion with a 3.1% increase or a positive change of \$158,710. He said the growth of individual income tax collections and our sales tax collection have not kept up with online sales tax. Online sales hurt Wisconsin bricks and mortar stores. Everyone is supposed to report sales tax when buying online, but they don't. A loss of 1% in sales taxes equals a loss of \$1 billion dollars to Wisconsin.

He then reported the Transportation Budget added an 8.5% increase in road aids and general transportation aids of 9.5%, with no gas tax increase. He said the alternative minimum tax was partially repealed but it was catching too many people. He says getting rid of the personal property tax will require the state to backfill \$75 million for municipalities. He said in the next budget cycle, the Joint Finance Committee will find a way to address the issue. He added this Transportation Budget stopped the emphasis on funding mega projects in Milwaukee and Southeast Wisconsin and shifted funding to

rural areas. 200 jobs were eliminated at the DOT and a full repeal of prevailing wages on state road and building projects was enacted. He said an audit of the DOT showed they were not accurately expensing long term projects so there were many inefficiencies. This is now tightened.

He said the Fox Conn project is a unique opportunity. He said he was initially skeptical but after meeting with officials, he said the venture capital money has increased a tremendous supply chain marketplace. He mentioned UW Platteville and said Fox Conn needs 100 engineers out of their Engineering School. Epic affects the Madison airport but does not impact the supply chain. He added that the state loan to Fox Conn has a clawback provision that says if they don't create jobs between \$30,000 and \$100,000 they don't receive the tax credits. They must average jobs that pay at least \$54,000.

As far as energy, Senator Marklein said politics should not interfere with energy stability. He said the PSC needs to give the legislature two alternatives to the ATC Transmission line project. Who is going to pay for the new transmission lines? How much will the state tax? He does not know if solar panels will be taxed at the agricultural level.

Supervisor Yeomans pointed out that counties will receive less money as people get off grids and subsidies may not be a solid source of funds in the future.

Speaker: Gary Radloff, Wisconsin Energy Institute

Mr. Radloff provided an overview of the Institute with over 200 faculty. He discussed research and the likely future of returning to smaller, local grid energy. The exact opposite of the large power plant current supply model. He said the Institute was first created as the Great Lakes Bioenergy Institute but they now focus on fuels and chemicals. The future of electric grids is distributed energy resources or DER's. He said there will be huge changes by 2030 and the transition time will be challenging.

Advances in digital and management of energy and cloud based data storage will allow utilities to tap into the grid. Home energy systems on new housing will become standard where every home owner will have all the equipment they need in their own house. There is ongoing research on how to keep energy going when there is no wind or sun. There is a big shift to natural gas and how to merge with electric grids. There will be non-wire alternatives and energy will be closer to the grid.

In the future utilities will become more service providers for local distribution systems. There will be much more research on battery technology. Wisconsin has not done a lot for grid modernization and the hard part will be in the transition.

Executive Director Report – Alice O'Connor

She shared, along with Supervisor Yeomans, the meeting at the Department of Revenue which resulted in DOR saying they could not share a breakdown of how they calculate the utility tax dollar amount for local government. They said gross receipts taxes collected from utilities were proprietary information. Since utilities are a monopoly, this seems odd to say "it might impact competition." Even though the state is collecting more revenue from utility plants what counties receive is flat. DOR said they could not break down transmission lines and substations and plants to get to the mil rate. DOR told us interstate pipelines are tax exempt. The DOR passed us on to the Public Service Commission (PSC). Several supervisors and Alice met with the PSC. The PSC told us they only take what they receive from utilities and pass onto DOR who then does the figures to calculate assessments. It was clarified, counties do not

receive anything off natural gas assets. Knowing DOR collects both ad valorem and gross receipts taxes, it still isn't clear how the initial value of utilities is determined. The 9 mil rate ties into a fixed depreciation schedule.

Consensus despite questions that counties still have, the DOR did not provide the breakdown in numbers we sought. Counties are essentially an overdraft protection for the state, said Supervisor Yeomans.

Other business Speakers for the next meeting suggested were Rick Olin, Legislative Fiscal Bureau, and the Department of Revenue and DOR. We will need to submit a list of questions in advance so both parties feel ready for questions they will be asked.

The next meeting date was set for March 16, 2018. Location to be determined.

The meeting adjourned at 1:15pm on a motion by Supervisor Hoffman seconded by Tramburg.

Minutes Prepared by M. Alice O'Connor