



## MEMORANDUM

**TO:** Honorable Members of the Assembly Committee on Energy and Utilities

**FROM:** Daniel Bahr, Government Affairs Associate

**DATE:** January 26, 2016

**SUBJECT:** Opposition to Assembly Bill 490

The Wisconsin Counties Association (WCA) opposes Assembly Bill 490, which reduces utility aid payments to counties. While counties are not opposed to increasing utility payments to towns, this bill takes revenue from one unit of local government and transfers it to another local government.

Under current law, if a wind power production plant is located in a town, the utility aid payment is split between the town (one-third of the total payment) and the county (two-thirds of the total payment). Under this bill, the payment would be split equally between the town and county.

One of the main reasons for the current distribution of utility tax revenue is based on service delivery. In most cases, counties are providing the majority of services to local wind generated electricity facilities, which is reflected in the payment counties receive. However, even with the current revenue counties receive from these facilities, the service costs to these facilities often exceed the aid payment.

While counties are sympathetic of the concerns raised by towns regarding the aid payment they currently receive, this legislation will cause more problems at the local level. If it is a priority for the legislature to increase payments to towns, the money could be diverted from the state's portion of the utility aid payment. Currently, local governments retain less than twenty percent of the revenue generated from the utility aid payment, while the state retains the remaining dollars.

WCA respectfully requests that the Committee oppose Assembly Bill 490.

Please feel free to contact WCA if you need additional information.



## OFFICE OF THE COUNTY EXECUTIVE

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### **Testimony from Allen Buechel, Fond du Lac County Executive in opposition to Assembly Bill 490.**

Dear Chair Kuglitsch and members of the Committee on Energy and Utilities:

I wish to voice my opposition to the passage of Assembly Bill 490 for several reasons:

1. The effective date is 2016 which means in spite of the fact that Fond du Lac County recognized almost \$90,000 in utility revenue, the change in the funding formula would create a deficit in our already adopted 2016 budget.
2. I am very much opposed to changing the funding formula on existing wind turbines because regardless of the effective date, it will create a revenue issue in all future county budgets as well, and as you know, there is a property tax freeze which allows very limited revenue growth to offset the increasing cost to continue operations without cuts in services. If the state legislature feels it is appropriate to change the formula, then I would ask that you change the formula only for new wind energy turbines that are constructed after 2015. If it is the desire to sponsor this bill to provide more money to the townships, since the state retains over 80% of the utility revenue received on the wind turbines, the state could increase the township share from the state portion of that revenue rather than take it from the counties.

I also need to state that within Fond du Lac County, none of the townships communicated with the county about the possibility of bringing the wind turbines on line. Now that there are reported problems, in particular health concerns, these issues are referred to the county to address, and in fact at the Fond du Lac County Board of Health meeting on February 2, a significant number of people who believe they are affected by the wind turbines will again be appearing before the Board of Health to essentially demand the county declare wind turbines a health hazard and/or to force the wind turbine companies to turn them off, if not 24 hours per day, at least for a portion of the night. Undoubtedly, that will cause litigation between the county and the wind energy companies, and it is nearly impossible to estimate how many thousands of dollars that could cost the county for legal fees.

In the recently passed state biennial budget, Governor Walker did recommend \$250,000 to fund a study of the health impact of wind turbines and the legislature removed those dollars. We at the county level are in no position to finance health studies and I question whether any health study by a few counties would have much credibility.

Next month I will propose a plan to subsidize the economic loss for anyone who sells their home significantly below assessed or fair market value in an area affected by the wind turbines. Someone in that home must have sought medical treatment for health issues that they believe were/are caused by the wind turbines. We believe the program could have an impact of several hundred thousand dollars on the county budget over a number of years, and if we lose over \$90,000 of utility revenue sharing, it is going to make it impossible to fund that type of program. I do believe that under the circumstances, it is the best option in order to give some people relief who believe they are suffering from the effects of the wind turbines, by assisting them in moving to a different area out of range of the wind turbines.

Thank you for your attention to this matter. I do ask that you seriously consider not forwarding Assembly Bill 490 to the legislature for a vote.

Sincerely,



Allen Buechel  
County Executive

# WISCONSIN COUNTIES UTILITY TAX ASSOCIATION

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January 26, 2016

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To: Chairman Kuglitsch and Members of the Assembly Committee on Energy and Utilities  
From: Larry Willkolm, WCUTA Board Chair and Alice O'Connor, WCUTA Executive Director  
RE: Oppose AB490 in its current form

Thank you Chairman Kuglitsch and members of the Assembly Energy and Utilities Committee for the opportunity to testify against AB 490 today. The Wisconsin Counties Utility Tax Association is comprised of 19 counties who have power production plants within our jurisdiction and we have a solid interest in ensuring that counties with power plants retain the precious few dollars we receive in lieu of taxes from the Department of Revenue for hosting power plants in our communities and providing local services.

We are continuing to work with the main author of this legislation to identify a more sustainable funding source for towns who seek to expand their wind power. We just want to be sure it is not financed on the backs of counties. There is away for both counties and towns to be winners without pitting one unit of government against another. A sustainable funding stream from the state shared revenue allocation would solve this problem.

Because of a decision made many years ago, local assessors were removed from coming up with a local property tax assessment for the utilities. We believe the state's chosen formula appropriately reflects a payment in lieu of taxes (PILT) for those who deliver actual local services. This payment in lieu of taxes is a recognition by the State that local governments need to be compensated for costs they incur in providing services to public utilities. These service costs cannot be recovered through property taxation. The formula rewards those who provide more services and that is cities and counties more so than towns. Services include maintaining roads, plowing, and law enforcement services.

When the utility tax formula was first created, the State Department of Revenue assumed it would uniformly tax all power plants and substations with an equalized value. For this effort they would retain some administrative fees from the funds they collected. Over time, the state's efforts have increasingly shrunk the dollars returned to local units of government from the "utility tax" under the states shared revenue program. Here is how the current utility tax formula works. It is complicated.

- Payments to cities and villages are completed at a rate of six mills (\$6 per \$1,000 of net book value).
- Payments to towns are computed at three mills if property is located in a city or village; six mills if property is located in a town.
- Payments to the counties are three mills if property is in a city or village.
- Payment to counties computed at six mills if in a town.
- A total of nine mills is applied to the value of all qualifying property.

The utility tax payments to counties have been flat, reduced, or had modest increases overall via the shared revenue payments since 1995 according to the Legislative Fiscal

## Member Counties

ASHLAND  
BUFFALO  
CHIPPEWA  
COLUMBIA  
DOUGLAS  
DUNN  
GRANT  
JEFFERSON  
KENOSHA  
KEWAUNEE  
LA CROSSE  
MANITOWOC  
MARATHON  
MARINETTE  
OZAUKEE  
ROCK  
SHEBOYGAN  
VERNON  
WASHINGTON

From 2005 to 2015, the Legislative Fiscal Bureau reports overall funding trends were reduced resulting in a net reduction of 7.9% in funding over an 11 year period. Counties with power plants however, during this time saw no reduction in services they needed to provide to operate and fulfill their duties.

Looking at the latest 2015 actual payments made to all local units of government, the State collected (according to a Legislative Fiscal Bureau Paper):

Municipalities	\$35.9 million (of which Towns received \$9.7 million)
Counties	\$33.9 million

The state also collected taxes from Coops (\$12.6 million), privately held light, heat and power companies (\$238 million), and municipally owned utilities, (\$4.9 million). The counties portion of total funds collected by the state was approximately only 28 percent of the \$259.1 million collected. That is why every dollar to counties, matters.

We urge this committee not to pick winners and losers when each entity in local government does its best with limited funds that are a payment from the state in lieu of taxes we can't collect. Expectations from our local taxpayers have not decreased even as funds have shrunk.

We look forward to working with the main author of this legislation to find a solution that makes counties and towns both winners. Thank you in advance for your consideration.

# Memo

To: Assembly Committee on Energy and Utilities  
From: Terry Dietzel, Director of Land Information, Fond du Lac County *T.D.*  
Date: January 26, 2016  
Re: **Assembly Bill 490, Utility aid payments to Towns and Counties**

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After review of Assembly Bill 490, I am here to go on record stating Fond du Lac County is *opposed* to AB 490 as written. As documented in the Fiscal Estimate, if this Bill passes, it will have a negative financial impact on Fond du Lac County. In fact, Fond du lac County will see the largest fiscal impact of all counties.

Fiscal Estimate shows:

Fond du Lac County	-\$89,900.00
Columbia County	-\$54,000.00
Dodge County	-\$42,500.00
Iowa County	-\$37,134.48
Kewaunee County	-\$19,084.98

Based on this fiscal impact there are two main concerns our county has with the Bill:

- Fond du Lac County sees the Bill as reallocating funds which have been distributed since 2008 when the wind farms were constructed in our county. These utility payments have been part of the County's budget for the past 8 years and have been used to provide services to the citizens of the county. Currently, County departments are speaking with residents living in close proximity to some of the turbines. These residents have expressed concerns with possible health issues and decreases in their property values. These issues have been passed from our local Towns to the County hoping for assistance and answers.

Fond du Lac County's Board of Health and County Board are currently trying to address these issues. This bill will reallocate funds from Counties to the Towns without any justification, leaving the County to address citizen issues with fewer funds.

- Secondly, the Bill will not only reallocate the funds from the Counties to the Towns in the future, it will apply to utility payments being paid in 2016. So, AB 490 will force Fond du Lac County to cut \$89,900.00 from its existing budget, already adopted, without notice.

In closing, I would again like to state Fond du Lac County is *opposed* to AB 490 as written.

If the bill continues to move forward, Fond du Lac County would like to see the Bill amended and applied only to wind farms constructed after its passage and not be retroactive to existing wind farms and current utility payments.

Thank you again for allowing me to speak and feel free to contact me with any questions.

**Public Hearing-Assembly Bill 490**

**Committee on Energy and Utilities**

**January 26, 2016**

My name is Glen Schwalbach. I reside at 1090 Moonriver Dr., De Pere, WI 54115. I'm a former town supervisor. Currently, I'm a member of the Planning Commission for the Town of Rockland in Brown County, a licensed Professional Engineer in Wisconsin, and a member of the Public Service Commission's Wind Siting Council.

I support AB 490 with some qualifications.

The apportionment of utility aid payments from wind energy system owners has always been lopsided and unfair when compared to the direct impacts upon the towns and counties in which they are located.

Changing to a 50/50 distribution is more fair but is only reasonable when the county has county land use zoning and administers the wind siting ordinance. In a county where a town administers land use zoning and the wind siting ordinance, the distribution should be more like 80% to the town and 20% to the county.

I base this on the administrative, operational, and financial impacts to the local governments in the typical situations that I have observed while working with various towns and counties on wind energy siting ordinances. Most permit application costs are recoverable from the applicant but ongoing costs are not. Part PSC 128 of the Administrative Code prohibits recurring fees.

Administrative and operational costs include annual review of operational reports, accident reports, and emergency response procedures, maintenance of contact lists, management of monitoring committees for resident complaints, enforcement of noise and shadow flicker restrictions, monitoring for illegal modifications, and review of the financial security for decommissioning.

In addition to these costs, there are ongoing impacts to roads and loss of tax base due to lower assessments of real property. The latter is due to the reality that the operation of wind turbines are causing negative health impacts for some residents. Evidence shows that the inaudible sounds produced by wind turbines cause "sick" homes in which one or more residents are affected. Inaudible sounds cause symptoms similar to motion sickness and appear to affect 20% or more of the population.

Experience has shown that towns, by their nature, are just as involved and impacted as the counties where there is county zoning and counties are much less involved than towns when there is town zoning.

Glen R. Schwalbach, P.E.

Contact: Cell: 920-2436, Email: glenschwalbach@netzero.com