

2005-07 WISCONSIN STATE BUDGET

Summary of Partial Vetoes of 2005 Wisconsin Act 25

2005 Assembly Bill 100



**Legislative Fiscal Bureau
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LEGISLATIVE FISCAL BUREAU

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INTRODUCTION

Under Article V, Section 10 of the Wisconsin Constitution, "Appropriation bills may be approved in whole or in part by the governor, and the part approved shall become law ... The rejected part of an appropriation bill, together with the governor's objections in writing, shall be returned to the house in which the bill originated."

The Governor signed 2005 Assembly Bill 100 (the state's 2005-07 budget) into law on July 25, 2005. In his message to the Assembly, the Governor indicated that he had exercised his partial veto authority over 139 provisions in the budget as passed by the Legislature.

This document summarizes each of the Governor's partial vetoes. It is organized in the order listed in the Governor's July 25 veto message. For each partial veto, the document summarizes the provision as passed by the Legislature, ***explains the Governor's veto in italics***, and identifies the fiscal effect, if any, of the veto.

There are five items in the Governor's veto message that should be noted. The items deal with provisions deleted by the Legislature and therefore, no language was included in the enrolled bill that could have been affected by partial veto. They are addressed on pages xxix to xxxi of the Governor's veto message. These items are described below.

Transportation Broker. The Legislature deleted a provision of the Governor's budget recommendation, which would have required the Department of Health and Family services to implement a brokerage program for nonemergency transportation in the medical assistance program. In the veto message, the Governor indicates that he is directing the Department to continue the development of the initiative.

Home Care, Personal Care, and Private Duty Nursing Reduction. The Governor's budget recommendations included a biennial reduction in medical assistance benefits of \$10.1 million (all funds) to reflect the administration's estimates of savings that would result by reducing home health care, personal care, and private duty nursing services. The Legislature further reduced funding for these services by an additional \$6.8 million (all funds). In the veto message, the Governor indicates that he is directing the Secretary of the Department of Health and Family services to manage the additional reduction across the entire medical assistance program.

Request for Information on Community Long-Term Care Options. The Legislature deleted a provision of the Governor's budget recommendations, which would have required the Department of Health and Family Services to issue inquiries concerning the existence of managed care organizations that have the capability to develop the provision of primary, acute, and long-term managed care to elderly and disabled MA recipients. Although this language was removed from the bill, the Governor, in his veto message, indicates that he is directing the

Department to issue requests for this information within the first six months of the 2005-07 fiscal year.

Milwaukee Child Welfare. In the Governor's veto message, the Governor directed the Secretary of the Department of Health and Family Services to identify and reallocate funding toward the Bureau of Milwaukee Child Welfare for activities identified in the Governor's budget for the Bureau that were not funded by the Legislature in Enrolled AB 100, especially for activities related to caseworker retention and training. During its budget deliberations, the Legislature deleted \$2.6 million annually (all funds) that the Governor had recommended for additional foster parent training, caseworker retention activities, domestic abuse spending, family safety services, and ombudsman services.

Milwaukee State W-2 Oversight Office. As passed by the Legislature, Assembly Bill 100 eliminated 9.0 FTE positions in the Department of Workforce Development and deleted \$944,500 FED annually to reflect elimination of the Milwaukee regional office that oversees the Wisconsin Works program in Milwaukee. In the Governor's veto message, the Governor indicates his intent to give discretion to the Department to determine which positions will be deleted so that Workforce Development would have the flexibility to eliminate other positions in place of the Milwaukee regional office positions. The funding reduction would have to be absorbed in other areas of the Department's budget "to ensure that the Milwaukee office remains open and fully operational."

Immediately following this introduction are two general fund condition statements. Table 1 reflects the estimated 2005-07 condition of the general fund of the budget as passed by the Legislature (Enrolled AB 100). The 2005-07 condition statement for Act 25 is shown in Table 2.

Regarding Table 2, some items of the condition statement are not reflected in the veto message, but are included in the general fund condition statement of Act 25.

First, the opening balance for 2005-06 has been reduced by \$43,625,000 to reflect the fact that the Forest County Potawatomi tribe did not make its scheduled payment by the end of the 2004-05 fiscal year. That amount has been added to the tribal gaming revenues for 2005-06.

Second, the GPR lapse estimate associated with appropriation obligation bonds is increased by \$16.8 million in 2006-07, due to lower estimated debt service on the bonds and other obligations related to the bonds. The lower debt service on the bonds is associated with: (a) interest savings realized during the first six months of calendar year 2005 ; and (b) lower future interest rate assumptions due to additional variable rate borrowing associated with these obligations.

Finally, \$4,703,000 of premium tax revenue collected by the Office of the Commissioner of Insurance was inadvertently listed as a reduction to the 2006-07 lapse estimate in the enrolled bill. The lapse estimate is corrected in Table 2.

TABLE 1

2005-07 General Fund Condition Statement

Enrolled Assembly Bill 100

	<u>2005-06</u>	<u>2006-07</u>
Revenues		
Opening Balance, July 1	\$49,457,700	\$99,911,400
Taxes	11,953,605,000	12,483,468,000
Departmental Revenues		
Tribal Gaming Revenues	74,553,600	85,899,100
Other	<u>323,244,700</u>	<u>411,382,800</u>
Total Available	\$12,400,861,000	\$13,080,661,300
Appropriations, Transfers and Reserves		
Gross Appropriations	\$12,524,237,200	\$13,027,417,800
Compensation Reserves	90,054,100	178,302,800
Transfer to Taxpayer Protection Fund	0	36,000,000
Less Lapses	<u>-313,341,700</u>	<u>-228,762,200</u>
Total Expenditures	\$12,300,949,600	\$13,012,958,400
Balances		
Gross Balance	\$99,911,400	\$67,702,900
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$34,911,400	\$2,702,900

TABLE 2

2005-07 General Fund Condition Statement

2005 Wisconsin Act 25

	<u>2005-06</u>	<u>2006-07</u>
Revenues		
Opening Balance, July 1	\$5,832,700	\$65,242,500
Taxes	11,957,105,000	12,506,768,000
Departmental Revenues		
Tribal Gaming Revenues	118,628,600	86,349,100
Other	<u>674,768,700</u>	<u>513,641,700</u>
Total Available	\$12,756,335,000	\$13,172,001,300
 Appropriations and Reserves		
Gross Appropriations	\$12,681,176,000	\$13,176,232,500
Compensation Reserves	90,054,100	178,302,800
Transfer to Medical Assistance Trust Fund	235,449,000	0
Less Lapses	<u>-315,586,600</u>	<u>-252,906,900</u>
Total Appropriations	\$12,691,092,500	\$13,101,628,400
 Balances		
Gross Balance	\$65,242,500	\$70,372,900
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$242,500	\$5,372,900

TABLE OF CONTENTS

EDUCATION AND WORKFORCE DEVELOPMENT

Arts Board	
A-1	Required Lapse to the General Fund..... 1
Higher Educational Aids Board	
A-2	Wisconsin Higher Education Grants; University of Wisconsin System Students 1
Public Instruction	
A-3	School District Revenue Limits..... 2
A-4	Increasing Funding for School Aids and Property Tax Relief 2
A-5	Milwaukee Parental Choice Program Eligibility..... 3
A-6	Milwaukee Charter School Pupil Eligibility 4
A-7	Milwaukee and Racine Charter School Program Funding 4
A-8	Student Achievement Guarantee in Education (SAGE) Program 4
A-9	Mentoring Grants for Initial Educators..... 5
A-10	Federal Administrative Funding..... 5
A-11	Special Education Studies..... 6
University of Wisconsin System	
A-12	Surcharge Beyond 125 Percent of Graduation Requirements..... 6
A-13	Course Retake Surcharge..... 6
A-14	Task Force on University of Wisconsin-Waukesha 6
A-15	Collaboration Study..... 7
A-16	Repeal of Certain University of Wisconsin System Reporting Requirements..... 8
A-17	Midwest Higher Education Compact 9
A-18	Higher Education Committee..... 9
A-19	Study of Joint Academic Programs..... 10
A-20	University of Wisconsin System Building Project Cost Study..... 10
Wisconsin Technical College System	
A-21	Levy Limits on Technical College Districts..... 10
A-22	Jobs Advantage Training Program 11
Workforce Development	
A-23	W-2 Contracts and Oversight 12
A-24	Earned Income Tax Credit and Child Care Quality Improvement Programs..... 13
A-25	Child Care Subsidy Program Family Copayments 14
A-26	Children First..... 14

ENVIRONMENTAL AND COMMERCIAL RESOURCES

Agriculture, Trade and Consumer Protection	
B-1	Fish Hatcheries 15
B-2	Bio-Industry Grant Program..... 15
 Commerce	
B-3	Petroleum Environmental Cleanup Fund Award (PECFA) Program Changes..... 16
B-4	Increase in Enterprise Development Zones 16
B-5	Small Business Requirement for Enterprise Development Zones Program 17
B-6	Small Business Requirement for Wisconsin Development Fund..... 17
B-7	Biomedical Technology Alliance Earmark 17
B-8	City of Green Bay Earmark 17
B-9	Minority Business Finance Program Earmark..... 18
B-10	Community Development Block Grant Earmarks..... 18
 Environmental Improvement Program	
B-11	Clean Water Fund Bonding..... 18
B-12	Present Value Subsidy Limit..... 18
 Land Use	
B-13	Comprehensive Planning and Land Information Aids 19
B-14	Land Information Modernization Grants..... 20
 Natural Resources	
B-15	Recycling Tipping Fee and Business Surcharge 21
B-16	Business Waste Reduction and Recycling Assistance 21
B-17	Air Permits 22
B-18	Passive Review of Obligations Under the Stewardship 2000 Program 22
B-19	Town Board Approval of Purchases Under the Stewardship 2000 Program 23
B-20	Calculation of Aids in Lieu of Property Taxes..... 23
B-21	Public Access and Managed Forest Law 23
B-22	Expenditures from Forestry Revenues..... 24
B-23	State Park Admissions Fees for Senior Citizens 26
B-24	Ice Shanty Permit for Nonresidents..... 26
B-25	Chief Warden Authority 26
B-26	Appropriation for Safety Education Courses 27
B-27	Snowmobile Account Adjustments 27
B-28	Cladophora Algae Study 28
B-29	Marsh Restoration..... 28
B-30	Water Resources Account Lapses 28
B-31	Water Regulation and Zoning Fees 29
B-32	Division Administrators 29

Board of Commissioners of Public Lands	
B-33	Sale of Board of Commissioners of Public Lands Holdings..... 29
State Fair Park Board	
B-34	Milwaukee Mile Operations 30
Transportation	
B-35	Transportation Infrastructure and Fund Transfer 31
B-36	Local Roads Improvement Program 34
B-37	Highway Engineering Positions..... 35
B-38	Expressway Policing Aids..... 36
B-39	License Plate Rebasing..... 36
B-40	Gold Star License Plate..... 36
B-41	Regional Transit Authority Membership 37
B-42	Freight Rail Preservation Program 37
B-43	Harbor Assistance Program..... 37
B-44	Eisner Avenue..... 38
B-45	Safety Study 38
B-46	Sugar River State Trail Underpass..... 38

HEALTH AND FAMILY SERVICES AND INSURANCE

Health and Family Services	
C-1	Health Insurance Risk-Sharing Plan (HIRSP) Privatization..... 39
C-2	Authority to Transfer from the General Fund to Other Funds (Medical Assistance Trust Fund and Budget Stabilization Fund) 42
C-3	Nursing Home Bed Assessment -- GPR-Earned Revenues..... 43
C-4	Nursing Home Rate Increase..... 43
C-5	Community Relocations Initiative 44
C-6	Functional Screen..... 44
C-7	Nursing Home Reimbursement Rates 45
C-8	Pharmacy Reimbursement -- Rates for Brand Name Prescription Drugs 45
C-9	Pharmacy Reimbursement -- Dispensing Fees..... 46
C-10	Prohibition Against Limitations on Reimbursement for Psychotropic Medications 47
C-11	Report on Physician Prescribing Practices 47
C-12	Report on Capping the Number of Brand Name Prescription Drugs 48
C-13	Generic Drug Copayments..... 48
C-14	Outpatient Hospital Reimbursement Rates 48
C-15	Essential Access City Hospital (EACH) Payments..... 49
C-16	Bariatric Surgery Prohibition 49
C-17	Actuarial Soundness of Health Maintenance Organization Reimbursement Rates..... 49

C-18	Family Planning Funding Preference.....	50
C-19	Foster Care Rates.....	50
C-20	Termination of Parental Rights Warning in Subsidized Guardianships.....	51
C-21	Bureau of Milwaukee Child Welfare Report on Caseworker Retention.....	51
C-22	Study of Funding Options for Refugee Family Strengthening Project.....	51
C-23	Study of Evidence-Based Practices.....	51
C-24	Supplemental Security Income Benefits Appropriation.....	52
C-25	Supplemental Security Income Managed Care Expansion Reporting Requirement.....	52
C-26	Health Care Information Study and Reports.....	52
C-27	Joint Services Study.....	53

JUSTICE

	Circuit Courts	
D-1	Register in Probate Copy Fee.....	54
	Corrections	
D-2	Pilot Program for Pharmaceutical Contracting.....	54
D-3	Study of Funding for Long-Term Care Inmates.....	54
D-4	Facilities Study.....	55
D-5	Unit Supervisors.....	55
D-6	Contract Bed Funding.....	56
D-7	Sale of Inmate Products.....	56
D-8	Juvenile Correctional Facility Cost Reduction.....	56
D-9	Juvenile Correctional Services Deficit.....	57
D-10	Youth Diversion Program in Ward 3 in the City of Racine.....	57
	Justice	
D-11	County Law Enforcement Services Grant.....	58
D-12	Drug Law Enforcement and Crime Laboratories Appropriations Lapse.....	58
	Office of Justice Assistance	
D-13	Interagency and Intra-Agency Aids Appropriation.....	59

STATE GOVERNMENT OPERATIONS

Budget Management

E-1 Lapses to General Fund 60
E-2 Transfer from the Joint Committee on Finance Appropriation 62
E-3 Limit on Expenditure of General Fund Revenues 65

Administration

E-4 Asset Sales Reporting Dates 66
E-5 Vacant Attorney Positions 66
E-6 Sale of State-Owned Heating, Cooling and Wastewater Treatment Facilities 67
E-7 Limitations on Resale of Telecommunications Services by State Agencies 68
E-8 Video Gaming Devices and Pari-Mutuel Race Track Licensing 68
E-9 Payment of Fiscal Year 2004-05 MHEC Membership Dues 69
E-10 Required Reports on Information Technology 69
E-11 Pension Obligations Lapses and Transfers 70

Building Commission

E-12 General Fund Supported Borrowing Target 71

Employee Trust Funds

E-13 Required Nonrepresented State Employee Retirement Contributions 72

Regulation and Licensing

E-14 Transfer of Alcohol and Other Drug Abuse Counselor Certification 73

Veterans Affairs

E-15 Operational Efficiency Consultant 74

TAX

General Fund Taxes

F-1 Individual Income Tax Exclusion for Social Security Benefits 75
F-2 Private School and Homeschool Tax Credit 75
F-3 Adoption Expenses Credit 76
F-4 Health Savings Accounts 77

F-5	Sales Tax on Services Provided by Temporary Help Companies	78
F-6	Individual and Corporate Income and Franchise and Insurance Premiums Tax Credit for HIRSP Assessments.....	78
F-7	Withholding from Nonresident Members of Pass-Through Entities -- Technical Veto.....	79
F-8	Definition of Taxable Sales -- Technical Veto	79
	Revenue	
F-9	Lottery Vending Machine Placements.....	80
	Shared Revenue and Tax Relief	
F-10	School Levy Tax Credit.....	80
F-11	Levy Limit for Counties and Municipalities.....	80
F-12	Shared Revenue Utility Aid -- Distribution Formula.....	82

EDUCATION AND WORKFORCE DEVELOPMENT

ARTS BOARD

ITEM A-1. REQUIRED LAPSE TO THE GENERAL FUND

Chg to Enr AB 100	
GPR-Lapse	-\$242,000

As passed by the Legislature, Assembly Bill 100 would have required that the Arts Board lapse five percent of the biennial funding amount from each of its GPR appropriations by the end of the 2005-07 biennium, for a biennial lapse of \$242,000. The bill would have specified that the Arts Board could generate the required lapse from either year of the biennium. It is estimated that \$121,000 would have lapsed annually. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 9204(1d)]

HIGHER EDUCATIONAL AIDS BOARD

ITEM A-2. WISCONSIN HIGHER EDUCATION GRANTS; UNIVERSITY OF WISCONSIN SYSTEM STUDENTS

Chg to Enr AB 100	
GPR	\$8,000,000

As passed by the Legislature, Assembly Bill 100 would have provided \$37,057,200 GPR in 2005-06 and \$39,280,600 GPR in 2006-07 for the Wisconsin Higher Education Grant (WHEG) program. Total funding would have increased by 6% annually. These GPR appropriation amounts are established in the statutory language of the appropriation. ***By using partial vetoes to restore some digits and eliminate others, the Governor's partial veto increases funding by \$8,000,000 GPR in 2005-06 by increasing the statutory reference for the WHEG-UW sum sufficient appropriation cap from \$37,057,200 to \$45,057,200 in 2005-06.***

[Act 25 Vetoed Section: 166d]

PUBLIC INSTRUCTION

ITEM A-3. SCHOOL DISTRICT REVENUE LIMITS

As passed by the Legislature, Assembly Bill 100 would have set the per pupil adjustment under revenue limits at \$120 in 2005-06 and \$100 in 2006-07 and in subsequent years. ***The Governor's partial veto deletes this provision, restoring the current law per pupil adjustment, which would be equal to approximately \$248 in 2005-06 and \$252 in 2006-07 and be adjusted for inflation in subsequent years.***

[Act 25 Vetoed Sections: 1915 thru 1915h, 1919, and 1919d]

ITEM A-4. INCREASING FUNDING FOR SCHOOL AIDS AND PROPERTY TAX RELIEF

Chg to Enr AB 100	
GPR	\$330,000,000

As passed by the Legislature, Assembly Bill 100 contained the following provisions:

a. The Secretary of the Department of Administration would have been required to lapse or transfer at least \$724,900 in 2006-07 from salary and fringe benefits amounts to the general fund related to the deletion of 13.0 FTE agency attorney positions.

b. The DOA Secretary would have been required to lapse or transfer to the general fund from the unencumbered balances of agency state operations appropriations an amount equal to \$35,500,000 during the 2005-07 biennium, \$55,000,000 in the 2007-08 fiscal year, and \$55,000,000 in the 2008-09 fiscal year. This funding would have been required to come from the allocations for human resources and payroll functions and server and network support, from moneys saved as a result of restructuring procurement contracts and changes to purchasing and procurement functions, and from efficiencies achieved as a result of space management improvements. The bill would also have directed the DOA Secretary to report to Joint Finance by certain dates on certain aspects of these lapses.

c. The manner in which certain agencies are assessed for debt service payments on the state's appropriation obligation bonds and how these funds are lapsed or transferred to the state's general fund would have been modified. The bill would have specified that during the 2005-07 biennium, the DOA Secretary would determine the amount required to be lapsed or transferred to the general fund from each appropriation based on the amount each agency and appropriation would have been required to expend on the pension and accumulated sick leave conversion credit program liabilities had the bonds not been issued.

The Governor's partial veto deletes these provisions, but retains selected words and digits from these provisions to create a requirement for the DOA Secretary to transfer \$330 million from

the general fund to any appropriation under the Department of Public Instruction. After the item vetoes, the following language remains in the bill:

"(2) TRANSFER OF BALANCES.

(a) Notwithstanding section 20.001(3)(a) to (c) of the statutes, the secretary of administration shall transfer from the balances of the general fund an amount equal to \$330,000,000 during the 2005-06 fiscal year and 2006-07 fiscal year to any appropriation under section 20.255 of the statutes."

In his veto message, the Governor requests that the DOA Secretary transfer \$155 million in 2005-06 and \$175 million in 2006-07 to the DPI general equalization aids appropriation.

(Because the per pupil payment amounts under the Milwaukee parental choice program and the Milwaukee and Racine charter school program vary with the funding level for general school aids, the general fund condition statement for Act 25 adjusts the appropriations and related aid reductions by: (a) choice program -- an estimated \$3,137,600 GPR in 2005-06 and \$3,537,200 GPR in 2006-07, with related aid reductions of \$1,411,900 in 2005-06 and \$1,591,700 in 2006-07; and (b) charter school program -- \$954,000 GPR in 2005-06 and \$1,171,000 GPR in 2006-07, with corresponding aid reductions).

[Act 25 Vetoed Sections: 9155(2),(3)&(4)]

ITEM A-5. MILWAUKEE PARENTAL CHOICE PROGRAM ELIGIBILITY

As passed by the Legislature, Assembly Bill 100 would have provided that a pupil attending a school in the choice program would have continued to remain eligible under the program if his or her family income is less than 220% of the federal poverty level, rather than 175% under current law. A sibling of a pupil attending a choice school would have initially been eligible for participation in the choice program if his or her family income is under 220% of the federal poverty level. Under the bill, a pupil who left the program would have needed to meet the income requirement of 175% of the federal poverty level to re-enter the program, unless the pupil had a sibling still in the program, in which case the 220% threshold would apply. Also, under AB 100, the prior-year participation requirements for pupils in the choice program, under which a pupil must have either been enrolled in the Milwaukee Public Schools, the choice program, or grades kindergarten through three in private schools located within the City of Milwaukee, or not enrolled in school, in the school year prior to their initial enrollment in a choice school, would have been deleted. These provisions would have first applied to pupils who applied to attend a choice school for the 2005-06 school year. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Sections: 1895h, 1895p, and 9337(6m)]

ITEM A-6. MILWAUKEE CHARTER SCHOOL PUPIL ELIGIBILITY

As passed by the Legislature, Assembly Bill 100 would have allowed pupils who reside outside the Milwaukee Public Schools (MPS) to attend independent charter schools located within MPS that are participating under the Milwaukee and Racine charter school program. AB 100 would have required that these charter schools give preference in admissions to pupils who reside in MPS, and would have specified that these changes would first apply to persons who apply to attend a charter school in the 2005-06 school year. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Sections: 1883f, 1883r, and 9337(7m)(b)]

ITEM A-7. MILWAUKEE AND RACINE CHARTER SCHOOL PROGRAM FUNDING

As passed by the Legislature, Assembly Bill 100 would have modified the current law funding mechanism for the charter school program. Under the bill, the Milwaukee Public Schools (MPS) and the Racine Unified School District (RUSD) would have been able to include the cost and membership of the charter school program in the data used to determine revenue limits and general school aids. The general school aids that would otherwise have been paid to MPS and RUSD would have been reduced, in total, by the estimated cost of the charter school program, with each district's reduction based proportionately on the estimated number of pupils enrolled in the charter school in those districts in the given school year. The districts would not have been able to levy to replace the aid reduction. These changes would have first applied to general aids distributed in, and revenue limits calculated for, the 2005-06 school year, with additional provisions in the bill allowing the changes to be incorporated immediately into the data used to calculate aid and revenue limits in 2005-06. ***The Governor's partial veto deletes these provisions, maintaining current law under which the general school aids for all school districts are reduced proportionately in total by an amount equal to estimated expenditures for the charter school program.***

[Act 25 Vetoed Sections: 1897g, 1897i, 1898b thru 1898s, 1899m, 1912m, 9137(4p), and 9337(9m)]

ITEM A-8. STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION (SAGE) PROGRAM

As passed by the Legislature, Assembly Bill 100 would have allowed school districts participating in SAGE to forego aid, for grade 2, grade 3, or both, for any school, and to elect not to reduce class sizes in those grades, beginning in the 2005-06 school year. Also, AB 100 would have authorized the Milwaukee Public Schools to use funding received on behalf of currently participating SAGE schools under the SAGE program for any of the following: (a) compliance with current SAGE requirements, including pupil-teacher ratios of 1 to 15 in grades kindergarten

to grade three; or (b) compliance with current preschool to grade 5 (P-5) program requirements, including pupil-teacher ratios of 1 to 25 in grades preschool to five. SAGE schools would have continued to receive \$2,000 per low-income pupil enrolled in grades kindergarten to three, as under current law. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Sections: 1888m, 1888r, 1888s, 1891t, and 1893m]

ITEM A-9. MENTORING GRANTS FOR INITIAL EDUCATORS

Chg to Enr AB 100	
GPR-REV	-\$150,000
GPR	\$1,350,000
PR	<u>- 1,350,000</u>
Net	\$0

As passed by the Legislature, Assembly Bill 100 would have increased initial and renewal teacher license fees from \$100 to \$150 per application. AB 100 would have specified that the program revenue attributable to the increase would be used to fund grants to provide mentors to initial educators. Under the bill, DPI is required to award a grant to each person employing an initial educator in a position requiring a DPI teaching license for each initial educator. Each grant would equal the amount that the employer is spending to provide a mentor for the initial educator, but could not exceed \$375 per initial educator. DPI is required to prorate payments if appropriated funds are insufficient. Under administrative rule PI 34, three stages of licensure were established: initial, professional, and master educator. PI 34 requires that initial educators be provided with professional mentors.

AB 100 would have transferred \$1,350,000 in 2006-07 from the existing teacher certification appropriation to a new program revenue appropriation for grants to each person employing an initial educator, as defined under PI 34. AB 100 would have provided that the fee increase would first apply to license applications filed on or after January 1, 2006, and grants would be provided beginning in 2006-07. The bill would have reestimated revenue to the general fund from the current 10% lapse requirement by \$150,000 in 2006-07. ***The Governor's partial veto deletes the increase in teacher license fees and the associated program revenue that would have funded this program, as well the designation on the appropriation that it is funded from program revenue. Under current law, unless otherwise specified, appropriations are funded from the general fund. Therefore, the partial veto shifts funding for these grants from \$1,350,000 PR to \$1,350,000 GPR in 2006-07.***

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.255(2)(kg)), 173m, 187m, 1854g, 1854m, and 9337(6f)]

ITEM A-10. FEDERAL ADMINISTRATIVE FUNDING

As passed by the Legislature, Assembly Bill 100 would have required DPI to submit each proposal for the expenditure of federal administrative funds for federal programs for approval under a 14-day passive review process by the Joint Committee on Finance beginning July 1, 2006. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Sections: 1856f and 9437(3v)]

ITEM A-11. SPECIAL EDUCATION STUDIES

As passed by the Legislature, Assembly Bill 100 would have required DPI to complete a study concerning the distribution of special education aid on a census basis rather than a cost reimbursement basis, and, by December 1, 2006, submit the study and DPI's recommendations to the Joint Committee on Finance. Also, AB 100 would have requested that the Joint Legislative Council complete a study of the effectiveness of this state's special education policy and funding, including a review of statewide data and historical trends, an examination of funding sources, and a survey of national reform efforts. If the Joint Legislative Council would have conducted the study, the bill would have required the Council to report its findings, conclusions, and recommendations to the Legislature by January 1, 2007. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Section: 9137(2q)]

UNIVERSITY OF WISCONSIN SYSTEM

ITEM A-12. SURCHARGE BEYOND 125 PERCENT OF GRADUATION REQUIREMENTS

As passed by the Legislature, Assembly Bill 100 would have required the UW System Board of Regents to charge students the full cost-per-credit for any credits beyond 125% of graduation credit requirements accumulated in coursework towards a first baccalaureate degree. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 697rm]

ITEM A-13. COURSE RETAKE SURCHARGE

As passed by the Legislature, Assembly Bill 100 would have required the UW System Board of Regents to impose a 100% per credit tuition or academic fee surcharge for each course retaken because of failure on the first attempt. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 697s]

ITEM A-14. TASK FORCE ON UNIVERSITY OF WISCONSIN-WAUKESHA

Chg to Enr AB 100	
GPR	- \$30,000

As passed by the Legislature, Assembly Bill 100 would have provided \$30,000 in 2005-06 for a task force to study and develop an implementation plan for the

transformation of UW-Waukesha into a campus of UW-Milwaukee. The bill would have specified that the task force would consist of nine members, including the following: one representative of UW-Milwaukee, one representative of UW-Waukesha, one student representative from UW-Milwaukee, and one student representative from UW-Waukesha, all appointed by the UW System President; one representative of Waukesha County Technical College appointed by the Wisconsin Technical College System President; two representatives of Waukesha County government with one appointed by the County Executive and one appointed by the County Board Chairman; and two representatives of the business community appointed by the County Executive. The task force would have elected a chairperson from among its membership.

The bill would have required the task force to issue its recommendations to the Joint Committee on Finance by January 1, 2007, under a 14-day passive review approval process. The bill would have required that the implementation plan would include recommendations regarding the following: (a) maintaining the accessibility and affordability mission of the UW-Waukesha campus; (b) increasing the number of four-year baccalaureate and graduate degrees awarded on the UW-Waukesha campus; (c) determining the academic programs necessary to meet the needs of the economy in the area surrounding the UW-Waukesha campus; (d) addressing issues regarding the assumption of assets and liabilities of the UW-Waukesha campus; and (e) resolving outstanding employment issues.

The bill would have required the UW System Board of Regents to merge the UW-Waukesha into a campus of UW-Milwaukee no later than July 1, 2007, pursuant to a plan approved by the Joint Committee on Finance. ***The Governor's partial veto deletes these provisions. In addition, the Governor reduces the UW System's largest GPR funded appropriation by \$30,000 in 2005-06 to eliminate the funding under this provision. In his veto message, the Governor requests the Department of Administration Secretary not to allot these funds.***

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.285(1)(a)) and 9152(6r)]

ITEM A-15. COLLABORATION STUDY

As passed by the Legislature, Assembly Bill 100 would have required the UW-System Board of Regents to submit a report to the Joint Committee on Finance and to the standing committees on higher education in the Assembly and the Senate on possible collaborative efforts between UW-Superior and UM-Duluth by March 1, 2006. The bill would have specified that the study include the following: (a) an analysis of the tri-college university program involving North Dakota State University, Minnesota State University at Moorhead, and Concordia College in Moorhead, Minnesota, and a consideration of similar models of collaboration among public universities; (b) an identification of opportunities for operational cooperation or consolidation that would save money for taxpayers and students; (c) a determination of whether the two universities may benefit from coordinated marketing efforts; and (d) an examination of whether coordination and cooperation between the two universities would increase educational offerings for their students. ***The Governor's partial veto deletes***

these provisions.

[Act 25 Vetoed Section: 9152(7f)]

ITEM A-16. REPEAL OF CERTAIN UNIVERSITY OF WISCONSIN SYSTEM REPORTING REQUIREMENTS

As passed by the Legislature, Assembly Bill 100 would have eliminated certain UW System reporting requirements including the following:

a. A report on student fee funded reserves in excess of 15% of the prior year revenues and the DOA and Joint Committee on Finance approval requirements for such reserves under s. 36.46(1)(a).

b. The reporting requirement that requires the Board to report annually any state-imposed costs not covered by general purpose revenue that were used to compute academic fee increases for resident undergraduate students.

c. The report to the Joint Committee on Finance on the number and type of courses for which tuition charged covers at least 100% of costs under s. 36.11(44).

d. An internal reporting requirement under s. 40.05(4)(bp)(3)(c) that requires the UW System to report annually on its sick leave accounting system to the UW System Board of Regents.

e. A report under s. 36.25(25)(c) that requires a biennial report to the Joint Committee on Finance on the industrial and economic development research program.

In addition, the bill would have exempted the UW System from the following state agency reporting requirements:

a. The reporting requirement under s. 20.907(1m) that requires each state agency to annually submit a report to the Joint Committee on Finance and DOA listing nonfederal gifts, grants, or in-kind contributions.

b. The annual reporting to DOA under s. 16.528(5) on interest that was paid by the UW System in the previous year on any delayed payments to vendors.

Further, the bill would have specified that nothing in current law governing accounts receivables would require the UW System to submit a report to DOA on appropriations with a cash overdraft.

The Governor's partial veto deletes these provisions.

[Act 25 Vetoed Sections: 78m, 484m, 486m, 695p, 697m, 697r, 704t, 704w, 704x, and 738p]

ITEM A-17. MIDWEST HIGHER EDUCATION COMPACT

Chg to Enr AB 100	
GPR	- \$80,000

As passed by the Legislature, Assembly Bill 100 would have provided \$40,000 GPR annually in the UW System's largest general program operation appropriation for membership dues payment to the Midwest Higher Education Compact (MHEC) and would have required the UW System Board to make full annual payments of membership dues to MHEC. The total annual cost for membership dues is estimated at \$82,500 annually. ***The Governor's partial veto reduces funding by \$40,000 GPR annually by writing in a lower number in the UW System's largest general program operations appropriation consistent with reducing funding by \$40,000 GPR annually under this item. The Governor's veto message indicates that he is requesting that the Board of Regents direct that these dues be paid from the separate appropriation for UW System administration and not be charged to individual campuses. In his veto message, the Governor requests the Department of Administration Secretary not to allot these funds.***

[Act 25 Vetoed Section: 140 (as it relates to s. 20.285(1)(a))]

ITEM A-18. HIGHER EDUCATION COMMITTEE

As passed by the Legislature, Assembly Bill 100 would have created a committee to study the public benefits of Wisconsin public higher education. The bill would have specified that the goals of the committee would be to expand baccalaureate degrees for Wisconsin's residents, foster economic development, and provide a research environment to develop intellectual properties and assist in the development of new business. The bill would have provided that the committee consist of 17 members including the following: the President of the UW System or an appointee; the President of the Wisconsin Technical College System or an appointee; the Chancellor of the UW Colleges or an appointee; a UW alumnus, a faculty member, a current student, and a Chancellor or current Regent representative all chosen by the President of the UW System Board of Regents; a business leader, a former UW System executive officer, and a former regent chosen all chosen by the President of the UW System; a currently enrolled WTCS student, a president of a technical college district and a WTCS board member chosen by the President of the Wisconsin Technical College System; and four current legislators, one from each party and each house, chosen by the respective leaders of each of the two legislative houses. The Committee would have elected a chair from among its members.

The bill would have required the committee to submit its study to the Joint Committee on Finance by August 1, 2006. The bill would have required that the committee would ensure that the study does at least all of the following: (a) addresses how colleges and universities can provide access and quality education for all Wisconsin residents to further their human potential while ensuring the economic future of the state; (b) determine the appropriate mixture of funding to support higher education in Wisconsin, including the relationship between GPR, tuition, financial aid, and philanthropic support; (c) continues structural improvements, efficiencies and economies in such activities as the committee on baccalaureate expansion, integration of administrative structure, and collaborative arrangements between campuses; and

(d) collaborates among all of Wisconsin's key economic, social, and educational entities so as to achieve the intent of the Wisconsin Idea. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Section: 9152(9m)]

ITEM A-19. STUDY OF JOINT ACADEMIC PROGRAMS

As passed by the Legislature, Assembly Bill 100 would have required the Board of Regents and the Board of Trustees of the Medical College of Wisconsin (MCW) to submit a report on the feasibility of creating joint academic programs that would reduce worker shortages in fields that are critical to the economic development of southeastern Wisconsin. The bill would have specified that this report would have to be submitted by January 1, 2007, and would be subject to approval by the Joint Committee on Finance under a 14-day passive review process. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Section: 9152(8q)]

ITEM A-20. UNIVERSITY OF WISCONSIN SYSTEM BUILDING PROJECT COST STUDY

As passed by the Legislature, Assembly Bill 100 would have directed the Legislative Audit Bureau to conduct a study of building projects at the UW System to compare the costs of those projects with the costs of similar projects at other public universities. The bill would have required that the study be submitted to the Joint Legislative Audit Committee by January 1, 2007. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Section: 9152(8m)]

WISCONSIN TECHNICAL COLLEGE SYSTEM

ITEM A-21. LEVY LIMITS ON TECHNICAL COLLEGE DISTRICTS

As passed by the Legislature, Assembly Bill 100 would have limited any technical college district from increasing its total levy by more than 2.6%, beginning with taxes that are levied in 2005 and become payable in 2006.

The bill would have specified that the levy limit would be adjusted, as determined by the Department of Revenue, as follows: (a) if a technical college district transfers to another governmental unit responsibility for providing any service that was provided in the preceding year, the levy increase limit otherwise applicable to the technical college district would be decreased to reflect the cost that the technical college district would have incurred to provide

the service; (b) if a technical college district increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the technical college district would be increased to reflect the cost of providing that service; and (c) if the debt service levy for a technical college district in the preceding year is less than the debt service levy needed in the current year for any debt approved by a district board prior to July 1, 2005, the levy increase limit otherwise applicable would be increased by the difference between the two amounts. The bill would have provided that the proposed limit would not apply to debt service on bonds authorized by a referendum after June 30, 2005, and secured by the full faith and credit of the district.

The bill would have created a procedure under which a technical college district could exceed its levy increase limit if the technical college district's governing body adopts a resolution to that effect and the electors of the technical college district approve the resolution in a referendum. The resolution would have had to specify whether the proposed amount of the increase would be for the next fiscal year only or if it would be ongoing. The bill would have specified that a referendum to exceed the levy increase limit relating to the 2006 levy would have to be held at the same time as the spring primary or election or the September primary or November general election. Current law governing elections would have applied to the referendum and that the district board would provide election officials necessary election supplies. The wording of the question to be used for a referendum would have been specified, and the district board would have been required to certify the results of the referendum to the Department of Revenue (DOR) within 14 days of the referendum.

The bill would have required DOR to notify the WTCS Board of any amounts levied in excess of the amount allowed under these provision and would have required the WTCS Board to reduce the aid payment of any technical college district that imposes a tax levy in excess of the amount allowed under these provision. The reduction in state aid would be an amount equal to the excess tax levy and would be imposed in the same fiscal year as the excess amount is levied. WTCS would have been required to lapse any withheld state aid to the general fund.

The bill would have specified that these provisions would not apply beginning three years after the effective date of the bill. Based on the effective date provision, these provisions would have applied to fiscal years 2005-06, 2006-07 and 2007-08 ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoes Section: 707m]

ITEM A-22. JOBS ADVANTAGE TRAINING PROGRAM

As passed by the Legislature, Assembly Bill 100 would have transferred the Business Employee's Skills Training (BEST) Program from Commerce to WTCS, renamed the program the Jobs Advantage Training (JAT) program, and provided \$1,000,000 annually in a new, annual appropriation under WTCS for the Board to make grants to eligible businesses. The bill also would have established eligibility requirements in order for grant recipients to be eligible for the

grants. ***The Governor's partial veto partially deletes the title of the program, and instead, calls it "training program grants" and eliminates all of the business-related language in the bill to permit the WTCS Board to: "award a grant to district boards for skills training or other education related to the needs of business." Further, the item veto retains the BEST program, allowing Commerce to continue to make BEST grants from its economic development assistance programs (although the act requires applications pending at Commerce on July 27, 2005, to be transferred to WTCS for consideration).***

[Act 25 Vetoes Sections: 140 (as it relates to s. 20.292(1)(eh)), 217m, 724m, and 2357m]

WORKFORCE DEVELOPMENT

ITEM A-23. W-2 CONTRACTS AND OVERSIGHT

As passed by the Legislature, Assembly Bill 100 would have modified current law to increase oversight of the local Wisconsin Works (W-2) agencies as follows:

W-2 Agency Contracts. AB 100 would have required the W-2 agency contracts to contain financial penalties that the Department of Workforce Development (DWD) must enforce against a W-2 agency that fails to serve W-2 participants as required under the contract, beginning with the 2006-2007 W-2 agency contracts.

W-2 Agencies. AB 100 would have required each W-2 agency to maintain its financial records in accordance with generally accepted accounting principles.

Beginning with the effective date of the bill, AB 100 would have required a W-2 agency to be liable for the amount of an overpayment if: (a) the overpayment cannot be recovered from the W-2 participant who was overpaid; and (b) the overpayment is the result of an error or omission by a W-2 agency or a staff person of a W-2 agency.

W-2 Requirements. AB 100 would have required participants in a full-time community service job placement to work in a community service job for at least 20 hours, but no more than 30 hours, per week. AB 100 would have required participants in transitional placements to engage in activities at least 20 hours, but no more than 28 hours, per week. These provisions would have first applied to individuals who apply for participation in W-2 on the effective date of the bill.

DWD. To ensure that all expenditures of state and federal moneys related to W-2 are made in compliance with applicable state laws and rules, applicable federal laws and regulations, and the terms of the contracts between the W-2 agencies and DWD, AB 100 would have required DWD to review: (a) the financial records of each W-2 agency that administers W-2 in any of the

10 most populous counties at least quarterly; (b) the financial records of each W-2 agency not included under (a) at least annually; and (c) the financial records of entities that have entered into subcontracts with W-2 agencies to provide goods or services related to W-2 periodically.

AB 100 would have required DWD to monitor the number of hours that participants in community service job placements and transitional placements engage in assigned work and training activities to ensure compliance with the requirements by W-2 agencies.

AB 100 would have required DWD to submit a report to the Joint Committee on Finance no later than December 1, 2006, that provides information about all of the following issues related to W-2: (a) the success of each W-2 agency in placing W-2 participants into unsubsidized jobs; (b) the wages earned by former W-2 participants; (c) the job retention rate of former W-2 participants; (d) the results of efforts made by DWD and each W-2 agency to ensure that adequate training is provided to all staff persons of the W-2 agency; and (e) the appropriateness and effectiveness of work, education, and training activities into which W-2 participants are placed by each W-2 agency.

AB 100 would have authorized DWD to select the auditor for an annual single financial audit that is required under federal law for a W-2 agency that is not a county department or a tribal governing body.

The Governor's partial veto deletes these provisions.

[Act 25 Vetoed Sections: 1059g, 1059t thru 1059w, 1060m, 1060p, 1085f, 9154(1f), and 9354(4f)]

ITEM A-24. EARNED INCOME TAX CREDIT AND CHILD CARE QUALITY IMPROVEMENT PROGRAMS

Chg to Enr AB 100	
GPR	\$8,600,000
FED	<u>- 600,000</u>
Total	\$8,000,000

As passed by the Legislature, Assembly Bill 100 would have transferred \$59,532,000 FED in funds under the temporary assistance for needy families (TANF) block grant to a program revenue account to be used to pay for a share of the cost of the state's earned income tax credit (EITC). The balance of the cost of the EITC in the 2005-07 biennium, estimated at \$19,468,000 in 2005-06 and \$21,468,000 in 2006-07, would have been provided through a sum sufficient GPR appropriation. In addition, Assembly Bill 100 would have provided \$3,378,500 annually for the following child care quality improvement programs: (a) child care scholarships and stipends (\$2,878,500); and (b) child care resource and referral network (\$500,000). The bill would have eliminated funding for child care technical assistance and the child care local pass-through program.

By using partial vetoes to restore some digits and statutory language and eliminate other digits and language, the Governor's partial veto decreases TANF funding for the EITC by \$4,300,000 annually, for a total of \$55,232,000 in TANF funds available for the EITC, and

increases funding for child care quality improvement programs by \$4,000,000 annually. As a result of the reduction of \$4,300,000 annually in TANF funds for the EITC, the estimated GPR funding for the EITC is increased by \$4,300,000 GPR annually. It should be noted, however, that while the partial veto reduced the amount of TANF that may be used to fund the EITC, the amount in the PR appropriation to which the TANF funds are transferred was not correspondingly reduced.

The administration indicates that the additional \$4,000,000 annually for child care quality improvement programs would increase funding for the following programs: (a) child care scholarships and stipends (\$396,500, for a total of \$3,275,000); (b) child care resource and referral network (\$725,000, for a total of \$1,225,000); (c) technical assistance (\$400,000); and (d) local pass-through program (\$2,478,500).

[Act 25 Vetoed Sections: 1075, 1095c, and 1106]

ITEM A-25. CHILD CARE SUBSIDY PROGRAM FAMILY COPAYMENTS

As passed by the Legislature, Assembly Bill 100 would have required DWD to increase the amount of copayments paid by families for child care under the child care subsidy program by 15%, which would have resulted in estimated savings to the program of \$3,700,000 in 2005-06 and \$5,100,000 in 2006-07. **The Governor's partial veto deletes this provision. However, no additional funding is provided. Instead, the Governor indicates in his veto message that DWD has determined that by implementing additional efficiencies through a more equitable rate allocation, sufficient savings will accrue to offset revenues that would have been collected by a 15% increase in family copayments.**

[Act 25 Vetoed Section: 9154(1k)]

ITEM A-26. CHILDREN FIRST

Chg to Enr AB 100	
FED	\$600,000

As passed by the Legislature, Assembly Bill 100 would have provided \$834,400 annually for the children first program, which is the state employment and work experience program for noncustodial parents who fail to pay child support. **The Governor's partial veto deletes the children first allocation provision and, therefore, maintains the current statutory allocation for the children first program of \$1,140,000 annually. However, through the Governor's partial veto, only an additional \$300,000 annually is available to increase funding for children first, for a total of \$1,134,400. Additional annual funding of \$300,000 is available for the children first program due to the reduction in TANF funding for the EITC (described in Item A-24).**

[Act 25 Vetoed Section: 1092]

ENVIRONMENTAL AND COMMERCIAL RESOURCES

AGRICULTURE, TRADE AND CONSUMER PROTECTION

ITEM B-1. FISH HATCHERIES

As passed by the Legislature, Assembly Bill 100 would have deleted DNR's authority to remove a fish from a self-contained fish rearing facility or from a pre-existing fish rearing facility that is an artificial body of water if DNR determines that the nonnative fish poses a risk of being detrimental to the waters of the state. Further, the bill would have repealed DNR's authority to regulate and permit the importation of non-native fish species into the state. Instead, the bill would have specified that DNR's fish hatcheries be required to obtain a DATCP fish health permit to operate, while exempting DNR from paying permit fees. In addition, the bill would have required DATCP to provide DNR with a copy of each permit application submitted to DATCP, and each permit issued by DATCP, for the import of fish or fish eggs that are not native to Wisconsin. Moreover, the bill would have deleted the statutory language that requires DATCP to consult with DNR on rule promulgation related to fish stocking. Furthermore, as passed by the Legislature, the bill would have deleted obsolete statutory language that required DATCP, in consultation with DNR, to undertake a study regarding regulatory options to enable commercial rearing of lake sturgeon while protecting the wild lake sturgeon population (the report has been completed and submitted to the Legislature). In addition, the bill would have created an annual PR appropriation in DATCP funded by segregated fish and wildlife revenues received from DNR for DATCP's wild fish hatchery oversight responsibilities (although no funding was provided under the bill). ***The Governor's partial veto deletes all these provisions, except for the elimination of the obsolete statutory provisions relating to the study of commercial rearing of lake sturgeon.***

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.115(2)(k)), 143i, 245n, 557t, 557v, 587e, 587g, 657f, 657h, 657L, 1756d, 1756e, 1756g, 1756h, and 1756L]

ITEM B-2. BIO-INDUSTRY GRANT PROGRAM

As passed by the Legislature, Assembly Bill 100 would have specified that DATCP may not award more than \$380,000 annually (the amount previously available) in agricultural development and diversification (ADD) and sustainable agriculture grants. Under the act, a new bio-industry grant program is created in DATCP to make grants to encourage the development and implementation of new technologies in the agricultural and forestry bio-industries. Funding

for these grants, along with funding for ADD and sustainable agriculture grants, would come from a current GPR appropriation (\$380,000 annually) and a new, biennial SEG appropriation (\$1,000,000 in 2005-06). ***The Governor's partial veto deletes the provision that specifies DATCP may not award more than \$380,000 annually in agricultural development and diversification and sustainable agriculture grants. As a result, DATCP may determine the amount of grants awarded under each program.***

[Act 25 Vetoed Section: 1751v]

COMMERCE

ITEM B-3. PETROLEUM ENVIRONMENTAL CLEANUP FUND AWARD (PECFA) PROGRAM CHANGES

	Chg to Enr AB 100
BR	\$49,076,000

As passed by the Legislature, Assembly Bill 100 would have deleted \$49,076,000 in currently authorized, but unissued, PECFA revenue obligation bonding authority to decrease, from \$436,000,000 to \$386,924,000, the level of PECFA revenue obligation bonding authority. Enrolled AB 100 would have also directed the Department of Commerce to submit, as part of its 2007-09 biennial budget request, a proposal to phase-out the PECFA program. ***The Governor's partial veto deletes these provisions. Under the act, DOA could issue up to the remaining \$49,076,000 in PECFA revenue obligation bonding authority if needed for payment of PECFA claims.***

[Act 25 Vetoed Sections: 1829p and 9108(1v)]

ITEM B-4. INCREASE IN ENTERPRISE DEVELOPMENT ZONES

As passed by the Legislature, Assembly Bill 100 would have increased the allowable number of enterprise development zones that could be created without the approval of the Joint Committee on Finance by four to 85. ***The Governor's partial veto increases the allowable number by 17 to 98. The higher figure is accomplished by deleting the repeal of the "9" in the prior "79" authorized zones (Joint Finance had approved an additional two zones for a total of 81 previously allowed) and deleting the "5" in the enrolled bill's authorization of "85" zones. This results in a figure of "98" allowable enterprise development zones under Act 25. Each enterprise development zone may be authorized tax credits of up to \$3 million that may be claimed by the business over several years. Under the veto, up to \$39 million in additional tax credits could be authorized (13 more zones than under the enrolled bill).***

[Act 25 Vetoed Section: 2419]

ITEM B-5. SMALL BUSINESS REQUIREMENT FOR ENTERPRISE DEVELOPMENT ZONES PROGRAM

As passed by the Legislature, Assembly Bill 100 would have specified that at least one-half of enterprise development zones designated after the effective date of the act be for small businesses (100 or fewer employees). ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 2419m]

ITEM B-6. SMALL BUSINESS REQUIREMENT FOR WISCONSIN DEVELOPMENT FUND

As passed by the Legislature, Assembly Bill 100 would have specified that at least one-half of Wisconsin Development Fund grants and loans awarded after the effective date of the act be for small businesses. Further, the bill would have modified the definition of small business for WDF programs from 250 or fewer employees currently, to be either 100 or fewer employees, or less than \$10 million in annual gross receipts. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Sections: 2376j, 2376L, 2376m, 2407L and 9308(1z)]

ITEM B-7. BIOMEDICAL TECHNOLOGY ALLIANCE EARMARK

As passed by the Legislature, Assembly Bill 100 would have specified that Commerce make a Wisconsin Development Fund grant of \$2,500,000 in 2005-06 to the University of Wisconsin System Board of Regents for UW-Milwaukee to establish a biomedical technology alliance in Southeastern Wisconsin. ***The Governor's partial veto reduces this grant by \$2 million to \$500,000 by striking the "2," in the \$2,500,000 figure in the bill.***

[Act 25 Vetoed Section: 9108(3k)]

ITEM B-8. CITY OF GREEN BAY EARMARK

As passed by the Legislature, Assembly Bill 100 would have specified that Commerce make a Wisconsin Development Fund grant of \$1,400,000 in each of fiscal years 2005-06 through 2007-08 (a total of \$4.2 million) to the City of Green Bay for a downtown waterfront redevelopment project. ***The Governor's partial veto reduces this grant by \$2.8 million to a single \$1,400,000 grant by striking the reference to the three fiscal years in the bill.***

[Act 25 Vetoed Section: 9108(3m)]

ITEM B-9. MINORITY BUSINESS FINANCE EARMARK

As passed by the Legislature, Assembly Bill 100 would have specified that Commerce make a Minority Business Finance program grant of \$375,000 in each of fiscal years 2005-06 and 2006-07 to the Bishop's Creek redevelopment project in Milwaukee. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Sections: 154m, 155r, and 9108(8k)]

ITEM B-10. COMMUNITY DEVELOPMENT BLOCK GRANT EARMARKS

As passed by the Legislature, Assembly Bill 100 would have specified that Commerce make two Community Development Block Grant program grants in 2005-06 as follows: (a) \$80,000 to the Town of Ithaca in Richland County for a water well; and, (b) \$274,000 to the Village of Wonewoc in Juneau County for a water reservoir. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Sections: 9108(5k)&(6k)]

ENVIRONMENTAL IMPROVEMENT PROGRAM

ITEM B-11. CLEAN WATER FUND BONDING

Chg to Enr AB 100	
BR	\$15,700,000

As passed by the Legislature, Assembly Bill 100 would have decreased general obligation bonding authority for the clean water fund program by \$15,700,000, resulting in total general obligation bonding authority of \$622,043,200. ***The Governor's partial veto deletes the provision, retaining general obligation bonding authority of \$637,743,200 for the clean water fund program.***

[Act 25 Vetoed Section: 461]

ITEM B-12. PRESENT VALUE SUBSIDY LIMIT

As passed by the Legislature, Assembly Bill 100 would have provided a present value subsidy limit of \$10.8 million for the safe drinking water loan program, based on an average market interest rate estimated at 5%. The subsidy limit represents the estimated state cost, in 2005 dollars, to provide 20 years of subsidy for the projects that would be funded in the 2005-07 biennium. ***The Governor's partial veto provides a present value subsidy limit of \$12.8 million for the safe drinking water loan program in the 2005-07 biennium. The increased present value***

subsidy limit is accomplished by vetoing the deletion of the \$12.8 million that had been provided for the 2003-05 biennium and by vetoing the \$10.8 million figure that would have been provided in 2005-07 under the bill.

[Act 25 Vetoed Section: 2159]

LAND USE

ITEM B-13. COMPREHENSIVE PLANNING AND LAND INFORMATION AIDS

Chg to Enr AB 100	
GPR-REV	-\$4,000,000
PR	-\$1,288,800

As passed by the Legislature, Assembly Bill 100 would have repealed the requirement under s. 66.1001 of the statutes that certain local units of government have comprehensive plans in place by January 1, 2010.

Assembly Bill 100 would have repealed the current GPR-, PR-, and SEG-funded comprehensive planning grants appropriations, would have deleted \$2,000,000 PR annually of base funding for such grants, and would have lapsed \$2,000,000 annually to the general fund from county land record fees previously earmarked for these grants.

The bill would also have provided \$644,400 PR annually under the existing county aids appropriation for increased county land records modernization grants from the revenues remitted to the state from county land record fees collected by county registers of deeds. The bill would also have converted the county aids appropriation from a continuing basis to an annual basis. Finally, the bill would have directed the lapse of \$464,100 in 2005-06 and \$420,300 in 2006-07 from the balances in the existing county aids appropriation.

The Governor's partial veto deletes the repeal of the comprehensive planning program and restores the GPR-, PR-, and SEG-funded comprehensive planning grants appropriations; however, any funding under these specific appropriations cannot be restored through the exercise of the Governor's veto authority.

The Governor's partial veto deletes the requirement that county land records modernization grants be paid through the existing land information aids to counties appropriation.

The Governor's partial veto deletes the requirement that \$464,100 in 2005-06 and \$420,300 in 2006-07 be lapsed to the general fund from the balances in the existing county aids appropriation. However, under a separate veto [E-1], the Governor indicates his intent to have the Secretary of DOA lapse sufficient funds (\$884,400) to achieve comparable savings. The

Governor's partial veto also deletes the separate requirement that \$2,000,000 annually be lapsed to the general fund from county land record fees that had been used for comprehensive planning grants.

Further, the Governor's partial veto deletes some or all of the statutory language relating to the appropriation purposes for four separate land information-related appropriations that are either repealed and recreated or repealed outright. The Governor's partial veto is effected in such a manner as to result in the repeal and recreation of a single "Land" appropriation, the purpose of which is to support from county land record fees DOA's current law land information program functions under s. 16.967 of the statutes, DOA's current law review of proposed municipal incorporations and annexations, "and for the purpose of providing aids under s. 16.965" [the payment of comprehensive planning grants to local governmental units]. This latter phrase is created by deleting the "." at the end of the s. 20.505(1)(ie) appropriation [which is being repealed and recreated], deleting the repeal of the comprehensive planning grant PR-funded appropriation [s. 20.505(1)(if)], deleting the repeal and recreation of the those portions of the s. 20.505(1)(ig) appropriation [relating to land information technical assistance and education payments] except for the word "and" and the phrase "for the purpose of providing" and then retaining only the word "aids" in the title of the repealed and recreated s. 20.505(1)(ij) appropriation [relating to land information aid to counties payments] and the phrase "under s. 16.965" followed by the final "." in the appropriation. The statutory reference to "s. 16.965" of the statutes [comprehensive planning grant payments to local governmental units] is created from a reference to "s. 16.967(5)" by deleting the digit "7" as well as the parentheses ["(" and ")"] on either side of the digit "5".

Under the appropriations schedule, the Governor's partial veto strikes all but the word "Land" in the 20.505(1)(ie) appropriation, deletes the annual basis of the appropriation, but retains the expenditure authority provided under the appropriation [\$332,100 PR in 2005-06 and \$271,400 PR in 2006-07]. The Governor's item veto also deletes the s. 20.505(1)(ig) land information technical assistance and education appropriation and \$0 PR annually and the s. 20.505(1)(ij) land information aids to counties appropriation and \$644,400 PR annually. The effect of these vetoes is to create a "Land" appropriation that operates as a continuing appropriation with estimated expenditure authority of \$332,100 PR in 2005-06 and \$271,400 PR in 2006-07. However, because the appropriation may operate as a continuing appropriation, all the additional unobligated county land record fees credited to the appropriation [estimated at \$2,644,400 PR annually] could be expended for such purposes as county land record modernization or for comprehensive planning grants to local units of government.

[Act 25 Vetoes Sections: 1c, 90t, 90u, 92 (as it relates to the treatment of s. 16.967(5) and grants under s. 20.505(1)(ij)), 140 (as it relates to ss. 20.505(1)(ie),(ig)&(ij)), 278 (as it relates to s. 20.505(1)(z)), 388h, 388n, 389, 389m, 390, 391, 400m, 695g, 1235z, 1238m, 1238n, 1242q, 1250e, 1250f, 1250g, 1250m, 1254m, 2118r, and 9201(1q)]

ITEM B-14. LAND INFORMATION MODERNIZATION GRANTS

As passed by the Legislature, Assembly Bill 100 would have provided that no county that

received land record fee revenues of at least \$45,000 during the previous year for land information modernization activities could receive an additional state supplemental grant. The bill would also have provided that if a county received less than \$45,000 of such revenue during the previous year, the county would be eligible for one or more supplemental grants, the total of which could not be more than the difference between actual revenues retained by the county in the previous year and \$45,000. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoes Section: 92 (as it relates to limitations on grants to counties)]

NATURAL RESOURCES

ITEM B-15. RECYCLING TIPPING FEE AND BUSINESS SURCHARGE

Chg to Enr AB 100	
GPR-REV	\$3,157,900
SEG-REV	\$3,600,000

As passed by the Legislature, Assembly Bill 100 would have decreased the recycling tipping fee for waste disposed of in Wisconsin landfills on or after January 1, 2007, from \$3, by 75¢ to \$2.25 per ton. This would have reduced revenues to the recycling fund by an estimated \$1.3 million in 2006-07 and \$6.1 million annually beginning in 2007-08. ***The Governor's partial veto deletes this provision.***

As passed by the Legislature, Assembly Bill 100 would have decreased, beginning with tax year 2007, the recycling surcharge from 3.0% to 2.0% of gross liability for corporations and from 0.2% to 0.133% of net income for sole proprietorships, partnerships, LLCs taxed as partnerships, and S corporations. This would have reduced revenues to the recycling fund by an estimated \$2.3 million in 2006-07 and \$5.3 million annually beginning in 2007-08. ***The Governor's partial veto deletes this provision.***

As passed by the Legislature, Assembly Bill 100 would have transferred \$25,784,200 (\$16,842,100 in 2005-06 and \$8,942,100 in 2006-07) from the recycling fund to the general fund. ***The Governor's partial veto increases the transfer by \$3,157,900, to \$28,942,100. The veto accomplishes this by deleting selected digits, punctuation and words to reach the higher figure. As a result of the veto, the act does not specify when the transfer of the \$28,942,100 would be made. The Governor's veto message indicates that it is the Governor's intent that \$17,942,100 be transferred in fiscal year 2005-06 and \$11,000,000 be transferred in fiscal year 2006-07.***

[Act 25 Vetoes Sections: 1686m, 1686n, 2198x, 9235(1), 9335(3q), 9341(18w), and 9435(5q)]

ITEM B-16. BUSINESS WASTE REDUCTION AND RECYCLING ASSISTANCE

As passed by the Legislature, Assembly Bill 100 would have expanded the eligible

purposes of the waste reduction and recycling demonstration grant appropriation to authorize DNR to contract with a nonprofit organization for services to assist businesses to reduce the amount of solid waste generated or to reuse or recycle solid waste. Under Enrolled AB 100, DNR would have been: (a) prohibited from providing more than \$250,000 annually under a contract to an individual organization; (b) prohibited from providing funds that exceed 50% of the costs of services provided under the contract; and (c) required to include in any contract goals and objectives for the services to be provided, methods to measure progress toward the goals and objectives, and a schedule for reporting to DNR on the use of funds and progress towards the goals and objectives. ***The Governor's partial veto deletes all of (a), (b), and (c) to delete the maximum annual contract amount, the requirement that the provided funds could not exceed 50% of the costs of the services, and the requirement to include goals and objectives, methods to measure progress, and a schedule for reporting in the contract. Under the act, there would be no specific statutory criteria or requirements for DNR to follow when contracting with a nonprofit organization for services to assist businesses to reduce the amount of solid waste generated or to reuse or recycle solid waste.***

[Act 25 Vetoes Section: 2198]

ITEM B-17. AIR PERMITS

As passed by the Legislature, Assembly Bill 100 would have required that, in 2005-06, the owner or operator of a stationary source of air pollutant emissions where the entire facility is required to have an operation permit under s. 285.60 of the statutes but not under the federal clean air act and is not a synthetic minor source, would pay a \$300 fee if the entire facility was not covered by a registration operation permit or a general operation permit in 2005. ***The Governor's partial veto deletes this provision. Under the act, the owner or operator of state only sources without registration or general permits would continue to pay current law emission tonnage fees or could opt to pay a one-time fee of \$7,500 and emission tonnage fees in subsequent years.***

[Act 25 Vetoes Section: 2196i]

ITEM B-18. PASSIVE REVIEW OF OBLIGATIONS UNDER THE STEWARDSHIP 2000 PROGRAM

As passed by the Legislature, Assembly Bill 100 would have restored the authority of the Joint Committee on Finance to review projects under the Warren Knowles-Gaylord Nelson Stewardship 2000 program through a 14-day passive review process. All projects (including development projects) in excess of \$300,000 would have been subject to review. If Joint Finance did not hold a meeting to review the proposal within 75 days after the Co-Chairpersons notified the Department that a meeting would be scheduled to review the proposal, the Department could proceed with the transaction. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoes Sections: 491g and 491k]

ITEM B-19. TOWN BOARD APPROVAL OF PURCHASES UNDER THE STEWARDSHIP 2000 PROGRAM

As passed by the Legislature, Assembly Bill 100 would have prohibited DNR from acquiring land in a township in which 35% or more of the land is under public ownership, unless the Department first received approval from the town board to do so. The enrolled bill would have specified that a majority vote by the town board be required to approve each purchase, and required the town to post notices of the possible acquisition. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 491n]

ITEM B-20. CALCULATION OF AIDS IN LIEU OF PROPERTY TAXES

Chg to Enr AB 100	
GPR	\$115,000

As passed by the Legislature, Assembly Bill 100 would have adjusted the current aids in lieu of property taxes formula, for lands purchased after the effective date of the budget act, by defining the estimated value of the property to mean the lower of the equalized value of the property in the year prior to purchase by the Department or the purchase price (instead of the purchase price, as currently provided in statute). In cases where the property had previously been tax exempt, the last recorded equalized value would be used, or a payment of \$1 per acre would be made, whichever amount was greater. The amount determined under this formula would continue to be adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. (While savings of only \$115,000 would have been expected in 2006-07, GPR payments for aids in lieu of property taxes would have been expected to decline by more than one-half for future purchases.) ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Sections: 1260m and 1260n]

ITEM B-21. PUBLIC ACCESS AND MANAGED FOREST LAW

Chg to Enr AB 100	
SEG	-\$2,326,000

As passed by the Legislature, Assembly Bill 100 would have provided \$1,213,000 forestry SEG in 2005-06 and \$1,113,000 beginning in 2006-07 for payments to local units of government whose taxation district contains land enrolled as closed acreage under the Managed Forest Law program (MFL). DNR would have been directed to distribute the funding proportionally between these municipalities, based on the number of closed acres located in each. Each municipality, in turn, would have been directed to pay the county treasurer 20% of the amount received. ***The Governor's partial veto deletes this provision. Further, the Governor deletes the appropriation amounts in the schedule and writes in lower amounts (\$1,250,000 in each year) to reflect the elimination of the aid payment. In his veto message, the Governor requests the Department of Administration Secretary not to allot the additional funds.***

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.370(5)(br)), 246t, and 490m]

ITEM B-22. EXPENDITURES FROM FORESTRY REVENUES

Chg to Enr AB 100	
SEG	- \$600,000

As passed by the Legislature, Assembly Bill 100 would have created a continuing appropriation for revenues received from the sale of timber harvested from state forests or land under the management or control of the Division of Forestry in excess of \$3.77 million for 2005-06 and 2006-07 (the amount expected under current law), and for all revenues received from the sale of timber from these properties in subsequent years.

a. From this continuing appropriation, the enrolled bill would have provided an additional \$400,000 (or the amount available under the appropriation, whichever is less) annually in private forest grants to owners of 500 acres or less of non-industrial private forest land. (Currently \$1,250,000 SEG annually is available for this program.)

b. After allocating funds for private forest grants, the bill would have provided \$500,000 (or the remaining amount available under the appropriation, whichever is less) in 2006-07 and \$3.5 million in 2007-08 only to fund a biomass (byproducts and waste generated by forestry practices) grant program within DNR. Under the program, DNR could make grants: (1) for research and development of technologies that use forestry biomass as energy sources; (2) to encourage the use of forestry biomass as energy sources; (3) to increase the beneficial uses of forestry biomass; and (4) to encourage the development of bio-chemicals from forestry biomass. The bill would have specified that a grant, to the extent allowed by federal law, would not exceed \$300,000 for one project, of which up to \$150,000 could be for planning and \$150,000 for implementation and that a grant would not be allowed to exceed 50% of project costs. The bill would have specified forestry SEG revenues may only be used by DNR for state matching requirements for federal forestry biomass grants.

c. After allocating the amounts specified for the two prior purposes from the continuing appropriation, the bill would have provided \$250,000 (or the remaining amount available under the appropriation, whichever is less) annually to support a forestry education grant program within DNR. DNR was directed to use this funding to award grants to nonprofit organizations to develop forestry educational programs and instructional materials for use in public schools. The bill would have specified that DNR may not award a grant unless it enters into a memorandum of understanding with the grant recipient and the director of the timber management program at the University of Wisconsin-Stevens Point regarding the use of the funds.

d. After allocating the amounts specified for the preceding three purposes from the continuing appropriation, the bill would have provided \$446,000 (or the remaining amount available under the appropriation, whichever is less) annually to provide funding to school districts that have school forests for the purpose of transporting students to and from the school forest. The bill would have directed DNR to develop administrative rules to administer this program, including educational and forest management requirements that school districts must meet in order to receive funding for this purpose.

e. After allocating the amounts specified for the preceding four purposes from the continuing appropriation, the bill would have directed DNR to provide \$100,000 (or the remaining amount available under the appropriation, whichever is less) annually to the Wisconsin Technical College System (WTCS) for a Master Logger apprenticeship grant program. The bill would have directed the Technical College System Board to use the available funding to award grants to businesses that provide technical college students with forest product internships for the purpose of placing eligible apprentices with loggers who are certified by the Wisconsin Professional Loggers Association as "Master Loggers".

f. After allocating the amounts specified for the preceding five purposes from the continuing appropriation, the bill would have provided \$100,000 (or the remaining amount available under the appropriation, whichever is less) annually for forestry internships. The bill would have directed DNR to use the funding to provide internships to University of Wisconsin System students who are enrolled in a course of study that would result in a bachelor's or higher degree in forestry, and direct the Department to establish an application process and criteria for receipt of an internship under administrative rule.

The Governor's partial veto expands the purpose of a separate, annual forestry account appropriation created under the bill to include the provisions listed above as eligible expenditures. Under the enrolled bill, two new appropriations would have been created (one annual and one continuing) for various new or expanded forestry related programs. The Governor item vetoes the creation of the continuing appropriation (and the associated \$600,000 SEG in estimated expenditure authority in 2006-07), but retains certain language that is added to the expanded language of the annual appropriation. Further, the Governor retains certain fragments of the statutory language that specify the programs (but not the priority or amounts) that would have been funded from the continuing appropriation. As a result, as vetoed, the annual appropriation and relevant reference reads as follows in the act:

"20.370 (5) (ax) Resource aids - forestry. The amounts in the schedule for forestry education and professional development and for the programs and purposes under s. 28.085.

28.085 Timber. the department shall Allocate for private forest grants under s. 26.38, for forestry research and development grants under s. 26.385, for the forestry education grant program under s. 26.40, for school forest transportation funding under s. 26.39 (5), for transfer to the appropriation under s. 20.292 (1) (km) for master logger apprenticeship grants under s. 38.04 (29), or for forestry internships under s. 26.39."

The annual appropriation is provided \$200,000 in 2005-06 and \$300,000 in 2006-07 of forestry SEG under the act, with these funds directed to the Paper Discovery Center in Appleton, North Central Technical College (to initiate a mechanized timber harvest equipment training program), and for grants to support individuals pursuing master logger certification through the Wisconsin Professional Loggers Association. (These items were provided from the annual appropriation in the enrolled bill and remain in the act.) No funds would be expected to be available for the other programs created under the bill (as described in "a." through "f." above). In his veto message, the Governor requests DNR to pursue additional expenditure authority

through the s. 13.10 process (Joint Finance quarterly meetings) or the 2007-09 biennial budget as additional forestry revenues become available. (Provisions would remain in the Act prioritizing backlogged timber harvests and limiting DNR managed forest law plan workload.)

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.370(5)(ax)&(az)), 221m, 246g, 246m, 246p, 246t, 541b, 541h, 541j, 557m, and 9435(7k)]

ITEM B-23. STATE PARK ADMISSIONS FEES FOR SENIOR CITIZENS

Chg to Enr AB 100	
SEG-REV	- \$43,800

As passed by the Legislature, Assembly Bill 100 would increase certain state park admissions fees, including maintaining the fee for a resident senior citizen annual park sticker at one-half the price of a resident annual state park admission sticker (\$12.50, the same fee as for a second vehicle sticker). Revenues to the parks account of the conservation fund were estimated at \$17,900 in 2005-06 and \$25,900 in 2006-07. ***The Governor's partial veto deletes the park admissions fee increase for a senior citizen annual park sticker, retaining the current \$10 annual fee.***

[Act 25 Vetoed Sections: 546m and 9435(7f)]

ITEM B-24. ICE SHANTY PERMIT FOR NONRESIDENTS

Chg to Enr AB 100	
SEG-REV	- \$268,800

As passed by the Legislature, Assembly Bill 100 would have created a seven-day nonresident and an annual nonresident ice shanty placement permit. The fee for the seven-day permit would have been \$20, and the fee for the annual permit would have been \$34. The enrolled bill would have specified that 50¢ of each permit fee be retained by the vendor as an issuing fee, and required that any nonresident wishing to place an ice shanty over State waters have either a seven-day or an annual permit to do so. Revenues from the sale of nonresident ice shanty placement permits (minus the 50¢ transaction fee, where applicable) would have been deposited to the fish and wildlife account of the conservation fund (estimated at \$134,400 annually). Any ice fishing shanty belonging to a nonresident that did not possess a permit could have been declared a public nuisance, and be removed or destroyed by the Department after DNR has given the owner (if known) a ten-day notice to remove the structure. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Sections: 587d, 587dm, 594g, 646d, 646g, and 9435(7d)]

ITEM B-25. CHIEF WARDEN AUTHORITY

As passed by the Legislature, Assembly Bill 100 would have directed DNR to designate a conservation warden as the chief warden, and to specify that the chief warden has the duty to

direct, supervise, and control conservation wardens in the performance of their duties. The enrolled bill also would have specified that the Department may designate one or more deputy chief wardens. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 491p]

ITEM B-26. APPROPRIATION FOR SAFETY EDUCATION COURSES

As passed by the Legislature, Assembly Bill 100 would have specified that the appropriation for recreational safety education courses (including ATV, snowmobile, boating, and hunter safety courses) be annual, rather than continuing. As an annual appropriation, expenditures under the appropriation generally could not exceed budgeted amounts without the approval of the Legislature (either through legislation or by the Joint Committee on Finance under s. 13.101 of the statutes). ***The Governor's partial veto maintains a continuing appropriation.***

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.370(3)(at)) and 236]

ITEM B-27. SNOWMOBILE ACCOUNT ADJUSTMENTS

As passed by the Legislature, Assembly Bill 100 would have lapsed the following amounts from the continuing, uncommitted balance of the identified appropriations to the general balance of the respective conservation fund account. (This action would allow the snowmobile and endangered resources accounts to maintain positive balances through June 30, 2007.)

<u>Appropriation Account</u>	<u>Lapse Amount</u>
Snowmobile registration	\$1,350,000
Snowmobile fuel tax transfer	500,000
Nonresident trail sticker	300,000
Endangered resources voluntary payments	722,000

This action would not have deleted or transferred funds out of the account. Rather, it would have changed the budgetary status of the funds from "reserved" for expenditure under a specific appropriation to becoming available for appropriation for purposes with existing revenue streams. By this method, the Legislature would not need to reduce 2005-07 expenditure authority for these programs in order to balance the accounts. Under the Governor's budget recommendations, snowmobile account commitments would have been expected to exceed available revenues by \$2.15 million and endangered resources by \$721,000.

The Governor's partial veto deletes the lapse related to the snowmobile fuel tax transfer (\$500,000) and the lapse related to revenues generated by the nonresident trail sticker (\$300,000). Under the act, DNR and DOA would be required to reduce snowmobile account expenditures by an estimated \$800,000 for the biennium to maintain a positive balance.

[Act 25 Vetoed Sections: 9235(3s)&(3t)]

ITEM B-28. CLADAPHORA ALGAE STUDY

As passed by the Legislature, Assembly Bill 100 would have required DNR to make a grant of \$25,000 in the 2005-07 biennium from the environmental management account of the segregated environmental fund to Manitowoc County for a study of cladaphora algae in Lake Michigan at Hika Bay, and would have specified that the study could include monitoring of Fischer Creek and Point Creek in Manitowoc County. ***The Governor's partial veto deletes this provision. Under the act, DNR would be provided \$110,000 annually from the environmental management account to monitor the quality and condition of the waters of Lake Michigan and Lake Superior that are near the shore. None of the funds would be designated for research at specific locations.***

[Act 25 Vetoed Sections: 245m and 9135(2e)]

ITEM B-29. MARSH RESTORATION

As passed by the Legislature, Assembly Bill 100 would have directed DNR to identify 10 state-owned wildlife wetland areas throughout the state that are critical to waterfowl breeding, production, staging, and hunting. Further, the enrolled bill would have required DNR to prepare a qualitative and quantitative baseline assessment of each marsh by August 30, 2006, and specify that the assessment should describe vegetation, wildlife use, water quality, water chemistry, hunting success, and public use. The bill would have directed DNR to provide the assessment to the Joint Committee on Finance and to the appropriate standing committees of the Legislature, and directed DNR to develop marsh restoration goals based on the findings included in the assessment, and to include a proposal to contract with nongovernmental partners to meet those objectives in their 2007-09 budget. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 9135(5c)]

ITEM B-30. WATER RESOURCES ACCOUNT LAPSES

As passed by the Legislature, Assembly Bill 100 would have lapsed the following amounts, from the continuing, uncommitted, balance of the identified appropriations to the general balance of the water resources account of the conservation fund. (These amounts represent the estimated uncommitted balances in the appropriations at the end of 2004-05.) The \$2.2 million in lapses were intended to partially address water resources account commitments that exceeded anticipated revenues by over \$6 million.

<u>Appropriation</u>	<u>Lapse Amount</u>
Lake Management Grants	\$150,000
Mississippi and St. Croix Rivers Acquisition	307,700
Statewide Boating Access Acquisition and Development	311,700
Recreational Boating Aids	<u>1,400,000</u>
TOTAL	\$2,169,400

The Governor's partial veto deletes this provision. Under the act, DNR and DOA would be required to reduce water resources account expenditures by an estimated \$6.2 million for the biennium to maintain a positive balance.

[Act 25 Vetoed Sections: 9235(4w),(4x),(4y)&(4z)]

ITEM B-31. WATER REGULATION AND ZONING FEES

As passed by the Legislature, Assembly Bill 100 would have specified that the program revenue appropriation funded by fees for permits or approvals relating to activities affecting navigable waters, dams, bridges, and wetlands be converted from a continuing appropriation to an annual appropriation. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.370(4)(bi)) and 241m]

ITEM B-32. DIVISION ADMINISTRATORS

As passed by the Legislature, Assembly Bill 100 would have reduced the number of unclassified division administrators from seven to six and delete \$96,000 conservation fund SEG annually with 1.0 position to reflect the merger of two divisions within the Department. ***The Governor's partial veto deletes the reduction in unclassified division administrators. The effect of the veto would be to convert an existing conservation fund classified position to unclassified status.***

[Act 25 Vetoed Section: 2107d]

BOARD OF COMMISSIONERS OF PUBLIC LANDS

ITEM B-33. SALE OF BOARD OF COMMISSIONERS OF PUBLIC LANDS HOLDINGS

As passed by the Legislature, Assembly Bill 100 would have repealed the current statutory

provision that allows the Board of Commissioners of Public Lands (BCPL) to withhold from sale all, or such portions of, the public lands that it owns when, in the BCPL's opinion, it may not be advantageous to sell such lands. Further, AB 100 would have directed the BCPL to sell all of the remaining lands that it owns to the Department of Natural Resources (DNR) and to sell these lands at their appraised value. DNR would have been required to purchase, as soon as practicable, all such lands at their appraised value and to use stewardship funds to make such purchases. DNR would have been able to acquire such land without having to obtain any required approval from the county board of the county in which the BCPL land was located or any approval of the Governor for the proposed acquisition. The BCPL would have been prohibited from exchanging any such land to be acquired by DNR for other land or from taking any other action that would impede or prohibit the sale of these lands to the DNR. The DNR would have also been required to submit to the Governor and the Joint Committee on Finance, by February 1, 2006, a report regarding its purchases to date of these BCPL lands and its plan for ultimate acquisition and/or disposal of these former BCPL-owned lands. Finally, the proceeds from any future sale of these purchased BCPL lands would have been required to be used to reduce stewardship program debt service costs. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.370(7)(ah)), 252, 252c, 429v, 491b, 491e, 491f, 491fg, 491fr, 491i, 491k (as it relates to s. 23.0917(6m)(e)), 491m, 491n (as it relates to s. 24.95(1)), 491s, 508c thru 511m, and 9135(5q)]

STATE FAIR PARK

ITEM B-34. MILWAUKEE MILE OPERATIONS

As passed by the Legislature, Assembly Bill 100 would have required the Department of Administration and the State Fair Park Board to submit a plan to the Joint Committee on Finance, under 14-day passive review procedures, by the date set by the Co-chairs for submission of requests for its second quarterly meeting of calendar year 2006, for any supplies and services expenditures related to the Milwaukee Mile that would have exceeded \$12,950,600 in 2006-07. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 9144(1f)]

TRANSPORTATION

ITEM B-35. TRANSPORTATION INFRASTRUCTURE AND FUND TRANSFER

As passed by the Legislature, Assembly Bill 100 would have contained various provisions related to transportation and providing for the transfer of moneys from the transportation fund to the medical assistance trust fund. Since the provisions affected by this partial veto cover various topics that are not necessarily related to each other, they are described separately below by topic.

Chg to Enr AB 100	
SEG-REV (Trans.)	- \$2,719,700
SEG-REV (MA)	- 268,058,100
GPR-REV	<u>427,000,000</u>
Total	\$156,222,200
SEG-Transfer	\$427,000,000
SEG (Trans.)	- \$416,064,400
SEG-S	<u>51,803,700</u>
Total	- \$364,260,700

Transfer from the Transportation Fund. As passed by the Legislature, Assembly Bill 100 would have created an appropriation for making a transfer from the transportation fund to the medical assistance trust fund and would have provided \$268,058,100 SEG in 2005-06 in this appropriation. The appropriation would have been repealed on June 30, 2007. ***The Governor's partial veto deletes this appropriation and, instead, deletes words and selected digits contained in various unrelated nonstatutory transportation provisions to create a requirement that the Department of Transportation make a transfer of \$427,000,000 from the transportation fund to the general fund. The text created as the result of the veto reads, as follows: "the department of transportation shall transfer to the general fund from the transportation fund In the 2005-07 fiscal biennium \$427000,000." The net increase in funds transferred from the transportation fund as the result of the veto is \$158,941,900. In his veto message, the Governor indicates that he is instructing the Department of Transportation to make transfers of \$338,449,000 in 2005-06 and \$88,551,000 in 2006-07 to accomplish the total transfer of \$427,000,000. This portion of the partial veto results in a funding reduction of \$268,058,100 SEG in 2005-06 (associated with eliminating the transfer appropriation), a reduction in medical assistance trust fund revenue of \$268,058,100, an increase in transfer funds (as distinguished from funds appropriated for making a transfer) of \$427,000,000, and an increase in general fund revenue of \$427,000,000.***

Marquette Interchange Funding. As passed by the Legislature, Assembly Bill 100 would have provided a total of \$132,336,000 of SEG and FED funds in 2005-06 and \$91,199,000 of SEG and FED funds in 2006-07, plus a \$213,100,000 bonding authorization, for the Marquette Interchange reconstruction project. These amounts were provided with the intent of making enough funds available in the 2005-07 biennium, which, if maintained at the 2006-07 base level for both years of the 2007-09 biennium, would be sufficient to complete the financing of the project by the end of the 2007-09 biennium, without any new debt service obligations extending beyond that time. To accomplish this financing scenario, the bill would have included restrictions on the use of the bonds authorized for the project to minimize the overall use of bonds. Bonds could only have been issued in a particular year if no unencumbered SEG or FED funds were available for making

expenditures on the project in that year. Furthermore, if bonds were issued, they would have had to have had a maximum maturity of one or two years, depending upon when the bonds were issued. Under these restrictions, it is estimated that only \$36.6 million of the \$213.1 million in bonds available (an amount that would vary depending on the actual cost of the project and the timing of expenditures) would have been issued and the debt service on this amount would have been paid by the end of 2008-09. The bill would have also included a nonstatutory provision requiring DOT, in its 2007-09 agency budget request, to request a decrease in the SEG appropriation for southeast Wisconsin freeway rehabilitation by an amount equal to the estimated debt service payments in that biennium on the Marquette Interchange bonds and a statutory provision requiring DOT to make adjustments in subsequent biennial budget requests to transfer funding from the debt service appropriation back to the southeast Wisconsin freeway rehabilitation appropriation as the debt service payments were completed. ***The Governor's partial veto deletes the restrictions on the issuance and maturity period of the \$213,100,000 in bonds. By doing this, the Governor restores the financing plan for the project that was included in the budget bill that he submitted to the Legislature, which assumed that the full amount of the bonds would be issued for the project and that the bonds would have a 20-year maturity. Reflecting this, the Governor's partial veto reduces funding in the southeast Wisconsin freeway rehabilitation appropriation by \$66,243,000 SEG in 2006-07, which was the amount added to the bill by the Legislature to implement the bond-minimization funding strategy. The Governor accomplishes this reduction by striking the amount provided in the southeast Wisconsin freeway rehabilitation appropriation in that year (\$95,861,100) and writing in \$29,618,100. In addition, the Governor indicates in his veto message that he is requesting the Department of Administration Secretary to not allot these funds.***

Under the Governor's original budget submission, the estimated debt service on the Marquette Interchange bonds was \$6,243,000 in 2006-07, an amount that would eventually increase to \$18.6 million annually after the full amount of the bonds were issued. The bill passed by the Legislature, however, included no debt service since, under the bill's bond restrictions, it was estimated that no bonds would be issued during the biennium for the project. As vetoed, the bill does not reflect debt service payments on the bonds, since an increase to the debt service appropriation can not be accomplished through a partial veto. However, DOA estimates that debt service payments will equal \$6,243,000 SEG in 2006-07, as in the Governor's original budget.

The Governor's partial veto also deletes the provisions requiring adjustments in the Department's future agency budget requests to the southeast Wisconsin freeway rehabilitation SEG and the Marquette Interchange debt service appropriations. However, some of the text in the nonstatutory provision requiring adjustments in the Department's 2007-09 budget request [Section 9148(4f)] was retained to create the fund transfer requirement described above.

Zoo Interchange-USH 45 Preliminary Work. As passed by the Legislature, Assembly Bill 100 would have provided \$38,000,000 SEG in 2005-06 in the southeast Wisconsin freeway rehabilitation appropriation to begin preliminary work on the Zoo Interchange reconstruction project. ***The Governor's partial veto deletes \$35,000,000 of this amount by striking the SEG appropriation in that year (\$87,731,500) and writing in \$52,731,500. In addition, the Governor***

indicates in his veto message that he is requesting the Department of Administration Secretary to not allot these funds. The Governor indicates that the remaining \$3,000,000 will be used to begin preliminary work on the Zoo Interchange-USH 45 project.

Major Highway Development Program. As passed by the Legislature, Assembly Bill 100 would have provided a total of \$243,950,100 in 2005-06 and \$298,790,500 in 2006-07 for the major highway development program, which is a 2.0% annual inflationary increase from the 2004-05 funding level, plus an additional \$50,000,000 increase in 2006-07. Of the total amount provided for the program, \$122,437,400 in 2005-06 and \$123,324,200 in 2006-07 would have been provided with revenue bonds, or 50.2% of the total in 2005-06 and 41.3% of the total in 2006-07. **The Governor's partial veto reduces SEG funding for the program by \$28,400,700 in 2005-06 and \$23,403,000 in 2006-07, by striking the amounts in the SEG appropriation (\$42,537,700 in 2005-06 and \$96,491,300 in 2006-07) and writing in \$14,137,000 in 2005-06 and \$73,088,300 in 2006-07. In addition, the Governor indicates in his veto message that he is requesting the Department of Administration Secretary to not allot those funds. The Governor also indicates in his veto message that existing carryover bonding authority will be used to replace the SEG funds to maintain the same total level of funding for the program as under the bill passed by the Legislature. As passed by the Legislature, the bill followed past practice of providing somewhat more statutory bonding authority for the program than was needed in the biennium to spend at the bonding levels established in the SEG-S (revenue bond) appropriation for the program. This is done in order to ensure that construction on projects begun in the biennium would not be delayed in the following biennium if the passage of the subsequent budget is delayed. The Governor's directive to use bonding to replace the vetoed SEG funds would result in the use of some of this excess bonding and would also mean that the use of bond proceeds will exceed the amounts reflected in the SEG-S appropriation for the program. This is made possible by the fact that the bonding authorization, not the SEG-S appropriation, is the limiting factor on the amount of bonds that can be used. Therefore, the Governor's veto results in an increase of \$28,400,700 SEG-S in 2005-06 and \$23,403,000 SEG-S in 2006-07 for the program, although these amounts are not reflected in the act's appropriation schedule. The additional bonding raises the percentage of the program funded with bonds to 61.8% in 2005-06 and 49.1% in 2006-07. DOA estimates that the additional revenue bond debt service associated with these bonds will reduce transportation fund revenues by \$2,719,700 in 2006-07.**

Milwaukee to Chicago Passenger Rail Service. As passed by the Legislature, Assembly Bill 100 would provide a total of \$5,083,100 in 2005-06 and \$5,669,600 in 2006-07 in DOT's SEG and FED appropriations for passenger rail service for the state's cost of the Amtrak Hiawatha train service. In addition, the bill would have provided \$572,700 SEG in 2005-06 and \$629,900 SEG in 2006-07 in the Joint Committee on Finance's program supplements appropriation and would have created a procedure allowing DOT to submit a request to the Committee for a supplemental appropriation of up to these amounts for passenger rail service. The total of the amounts provided in DOT's appropriations and the amounts in the program supplements appropriation is the state's estimated share of the Hiawatha service costs in the 2005-07 biennium. **The Governor's partial veto deletes the funding provided in the program supplements appropriation by striking all of the**

digits except for one zero. The partial veto also deletes the nonstatutory provision establishing the procedure for the Department's request for a supplemental appropriation for passenger rail service. However, some of the text in this nonstatutory provision [Section 9148(4w)] was retained to create the fund transfer requirement described above. The elimination of the amount provided in the program supplements appropriation will require the Department to allocate funds from other appropriations to maintain the service if the actual cost of the service exceeds the amounts in DOT's passenger rail service appropriations.

Transportation Enhancements Projects. As passed by the Legislature, Assembly Bill 100 would have required the Department to award the following grants under the transportation enhancements grant program: (a) a grant of \$484,000 to the Village of Oregon in Dane County for a streetscaping project on Main Street and Janesville Street; (b) a grant of \$80,000 to Chippewa County for the construction of a pedestrian railroad crossing and handicap-accessible ramp related to the Ray's Beach revitalization project on Lake Wissota; and (c) a grant of \$480,000 to the Village of Weston in Marathon County for the construction of a bicycle and pedestrian bridge over STH 29. **The Governor's partial veto deletes the required grants for the Village of Oregon and for Chippewa County, although selected words and digits are retained in these provisions [Sections 9148(5f) and (5g)] in order to create the fund transfer requirement described above. The partial veto did not affect the required grant to the Village of Weston.**

[Act 25 Vetoes Sections: 140 (as it relates to ss. 20.395(3)(bq)&(cr), 20.855(4)(v), and 20.865(4)(u)), 456g, 456r, 533g, 533r, 537d, 537e, 1719g, 1719h, 1719i, 1727, 1727g, 9148(4f), 9148(4w), 9148(5f), 9148(5g), and 9448(4m)]

ITEM B-36. LOCAL ROADS IMPROVEMENT PROGRAM

As passed by the Legislature, Assembly Bill 100 would have created an appropriation for making discretionary grants under the local roads improvement program instead of, under current law, requiring discretionary grants and formula entitlements to be paid from the same appropriation. The bill would have also: (a) transferred the 2004-05 base funding for the discretionary grant program of \$7,000,000 SEG from the existing appropriation to the new appropriation; (b) provided an additional \$5,000,000 SEG annually to provide a total of \$12,000,000 SEG annually for discretionary grants; (c) increased the annual statutory allocations for discretionary projects from \$5,250,000 to \$7,400,000 for counties, from \$1,000,000 to \$2,425,000 for municipalities, and from \$750,000 to \$2,175,000 for towns; (d) changed the required local match for discretionary grants from 50% to 45%; (e) allowed counties with a total equalized value below a certain threshold to receive a discretionary grant for projects with a lower total cost than is currently allowed under the program; (f) specified that all improvements under the discretionary component shall be done under contract awarded to the lowest responsible bidder; (g) deleted a provision that requires DOT to make a one-time grant to the City of Milwaukee for the West Canal Street reconstruction project, reflecting that the grant has already been made; and

Chg to Enr AB 100	
SEG	- \$10,000,000
SEG-L	- 5,636,400
Total	- \$15,636,400

(h) increased funding in the local match appropriation for the program by \$2,818,200 SEG-L to reflect the net effect of increasing the total state funds for the program and modifying the required local match percentage. ***The Governor's partial veto deletes the additional funding of \$5,000,000 SEG annually for discretionary grants by striking the \$12,000,000 annual SEG amount appropriated for making discretionary grants, and writing in \$7,000,000 in both years. The Governor indicates in his veto address that he is requesting the Department of Administration Secretary to not allot these funds. The veto also deletes the statutory increases to the discretionary allocations, the change to the required local match, the provision allowing smaller counties to receive grants for projects below the normal thresholds, the provision requiring projects to be done under contract awarded to the lowest responsible bidder, and the provision deleting the West Canal Street grant requirement [items (b) through (g), as described above]. The Governor's veto retains a separate appropriation for the discretionary grant component of the local roads improvement program, funded at the base level. The veto did not directly affect the increase provided by the bill in the local match appropriation, but the effect of the veto would be a reduction of \$2,818,200 SEG-L annually in this appropriation.***

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.395(2)(ft)), 1719L, 1719r, 1741b, 1741d, 1741e, 1741g, 1741h, 1741p, 1741q, 1741s, 1741u, 1741v, 1741x, and 1741y]

ITEM B-37. HIGHWAY ENGINEERING POSITIONS

	Chg to Enr AB 100 Funding Positions	
SEG	-\$1,923,300	- 19.00

As passed by the Legislature, Assembly Bill 100 would have provided \$551,500 SEG and 10.0 SEG positions in 2005-06 and \$2,093,800 SEG and 29.0 SEG positions in 2006-07 in the state highway rehabilitation program to increase the number of civil engineer positions in the state highway program. The bill would have also included a provision allowing DOT to submit a request to the Joint Committee on Finance under s. 13.10 of the statutes to convert up to 6.0 of the engineering positions in 2006-07 to other position types that support the Department's highway delivery functions. ***The Governor's partial veto deletes the funding associated with the 10.0 additional positions in 2005-06 and 19.0 of the 29.0 additional positions in 2006-07 by striking the SEG amounts appropriated for the state highway rehabilitation program (\$47,133,100 in 2005-06 and \$265,772,800 in 2006-07) and writing in \$46,581,600 in 2005-06 and \$264,401,000 in 2006-07, a reduction of \$551,500 SEG in 2005-06 and \$1,371,800 SEG in 2006-07. The Governor indicates in his veto address that he is requesting the Department of Administration Secretary to not allot these amounts or authorize the additional position authority. However, the veto retains an increase of 10.0 SEG positions in 2006-07 and associated funding of \$722,000 SEG in that year. The Governor's veto also deletes the provision that would allow the Department to submit a request to the Joint Committee on Finance to convert 6.0 of the positions to different classifications.***

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.395(3)(cq)) and 9148(7f)]

ITEM B-38. EXPRESSWAY POLICING AIDS

Chg to Enr AB 100	
SEG	- \$400,000

As passed by the Legislature, Assembly Bill 100 would have provided an increase of \$250,000 annually for expressway policing aids to Milwaukee County for total funding of \$1,290,800 annually. ***The Governor's partial veto reduces the funding increase to \$50,000 annually by deleting the amounts shown in the appropriation schedule (\$1,290,800 annually) and writing in lower amounts (\$1,090,800 annually). The Governor requests the Department of Administration Secretary to not allot these funds. In addition, the Governor requests the Department of Transportation Secretary to work with the Milwaukee County Sheriff to secure a report on the use of the \$1,090,800 in annual funding for expressway policing aids and to ensure that the monies are used to maximize highway safety.***

[Act 25 Vetoed Section: 140 (as it relates to s. 20.395(1)(gq))]

ITEM B-39. LICENSE PLATE REBASING

Chg to Enr AB 100	
SEG	- \$1,332,000

As passed by the Legislature, Assembly Bill 100 would have modified statutory provisions that require the Department of Transportation to replace license plates on a seven-year schedule to specify, instead, a 10-year replacement schedule, with the end of the current schedule on June 30, 2010. The bill would also have provided \$666,000 SEG annually in the appropriation for the Division of Motor Vehicles to allow the Department to replace red-lettered license plates on this schedule. ***The Governor's partial veto deletes the additional funding provided for license plate replacement by striking the SEG amounts (\$70,256,900 in 2005-06 and \$70,477,900 in 2006-07) appropriated for the Division of Motor Vehicles and writing in \$69,590,900 in 2005-06 and \$69,811,900 in 2006-07, which are reductions of \$666,000 SEG annually, relative to the amounts provided by the Legislature. In his veto message, the Governor indicates that he is requesting that the Department of Administration Secretary not allot these funds. The Governor's veto did not affect the provision establishing a 10-year replacement schedule.***

[Act 25 Vetoed Section: 140 (as it relates to s. 20.395(5)(cq))]

ITEM B-40. GOLD STAR LICENSE PLATE

As passed by the Legislature, Assembly Bill 100 would have required the Department of Transportation to issue a Gold Star special license plate for persons who have had an immediate family member die in combat while serving in the U.S. armed forces. The bill would have required the Department to consult with the Brian LaViolette Scholarship Foundation, Inc. in developing a design for the plate and would have prohibited the Department from specifying a design for the plate unless the design is approved in writing by the Department of Veterans Affairs and the Brian LaViolette Scholarship Foundation, Inc. ***The Governor's partial veto deletes the requirement that the Department receive written approval from the Brian LaViolette***

Scholarship Foundation, Inc. before specifying a design for the plate, but the Department would still be required to consult with the scholarship foundation on the design for the plate and would also still be required to receive written approval from the Department of Veterans Affairs before specifying a design .

[Act 25 Vetoed Section: 2246n]

ITEM B-41. REGIONAL TRANSIT AUTHORITY MEMBERSHIP

As passed by the Legislature, Assembly Bill 100 would have established a procedure to create a three-county regional transit authority in southeastern Wisconsin composed of the geographic areas of Kenosha, Milwaukee, and Racine counties. The bill would have required the counties to create a regional transit authority and would have specified that its governing body would include the following seven members: (a) three members, one from each county, appointed by the county executive of each county and approved by the county board of each county; (b) three members, one from the largest city in each county, appointed by the mayor of each of the cities and approved by the city council of each city; and (c) one member from the largest city in the region, appointed by the Governor, subject to confirmation by the Senate. ***The Governor's partial veto removes the requirement that the Governor's nominee to the regional transit authority board be subject to Senate confirmation.***

[Act 25 Vetoed Section: 1235e]

ITEM B-42. FREIGHT RAIL PRESERVATION PROGRAM

As passed by the Legislature, Assembly Bill 100 would have provided \$12,000,000 in bonding authorization for the freight rail preservation program and would have required the Department of Transportation to allocate \$5,000,000 of the bonds annually to rail rehabilitation projects and \$1,000,000 annually to rail bridge projects in the 2005-07 biennium. ***The Governor's partial veto deletes the requirement that DOT allocate particular amounts to these activities, allowing the Department to determine the allocation of funds under the program. The Governor's veto does not modify the amount of bonding provided for the program.***

[Act 25 Vetoed Section: 9148(2q)]

ITEM B-43. HARBOR ASSISTANCE PROGRAM

As passed by the Legislature, Assembly Bill 100 would have required the Department of Transportation to award a grant of \$1,600,000 under the harbor assistance program for the construction of a dockwall in the City of Marinette for the Waupaca Foundry. ***The Governor's partial veto deletes this provision. Funding for the harbor assistance program (\$12,700,000 in bonds and \$1,000,000 SEG) is not affected by this veto.***

[Act 25 Vetoed Section: 9148(2)(c)]

ITEM B-44. EISNER AVENUE

As passed by the Legislature, Assembly Bill 100 would have required the Department of Transportation to award a grant of \$500,000 from the discretionary grants appropriation for the local roads improvement program to the City of Sheboygan for the rehabilitation of Eisner Avenue. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 9148(6n)]

ITEM B-45. SAFETY STUDY

As passed by the Legislature, Assembly Bill 100 would have required the Department of Transportation to conduct an engineering study in the 2005-07 biennium of the segment of STH 58 in Sauk County between the Sauk County/Richland County line and CTH G and to make any necessary safety improvements to that segment to improve public safety that are recommended as the result of the study. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 9148(3t)]

ITEM B-46. SUGAR RIVER STATE TRAIL UNDERPASS

As passed by the Legislature, Assembly Bill 100 would have required the Department of Transportation to either incorporate an underpass for the Sugar River Trail at its intersection with STH 69 in the Village of New Glarus or make other improvements if the Village agrees with the Department that those improvements could provide similar safety benefits as the underpass, but at a lower cost. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 9148(3s)]

HEALTH AND FAMILY SERVICES AND INSURANCE

HEALTH AND FAMILY SERVICES

ITEM C-1. HEALTH INSURANCE RISK-SHARING PLAN (HIRSP) PRIVATIZATION

Chg to Enr AB 100	
PR	- \$64,464,600

As passed by the Legislature, Assembly Bill 100 would have transferred, effective January 1, 2006, the responsibility for administering HIRSP to a legally distinct, private, nonprofit organization governed by a board of directors that would have been authorized to make benefit, eligibility, cost containment, administrative, and other changes to the program.

Program Changes The bill would have required that, no later than September 1, 2005, the Commissioner of Insurance nominate 13 individuals to serve as the initial directors of the board of the new organization, including: (a) four representatives of participating insurers; (b) four health care provider representatives, including one representative of the Wisconsin Medical Society, one representative of the Wisconsin Hospital Association, one representative of the Pharmacy Society of Wisconsin, and (c) one representative of a health care provider that provides services to persons with coverage under the plan; and, among the remaining five members, at least one who represents small businesses that provide health insurance, and at least one who has coverage under the plan. These board members would have been subject to confirmation by the Senate.

The bill would have directed that the board form a private, nonprofit organization under Chapter 181 of the statutes and take all actions necessary to exempt the organization from federal taxation. The organization would have been exempt from state income taxation. The board would have assumed duties DHFS, the HIRSP Board, and the HIRSP plan administrator exercise under current law. Policyholder premiums and insurer assessments would have been paid into a fund, which would have been outside the state treasury. The board would have controlled the assets of the fund and selected regulated financial institutions in which to establish accounts. The board would have paid the operating expenses of the HIRSP plan from the fund. As a condition for the release of the assessment revenue from the Office of the Commissioner of Insurance (OCI), the organization, through the board, would have agreed to administer the plan in conformance with Chapter 149 of the statutes. The bill also provided that no cause of action may arise against and no liability may be imposed upon the organization, plan, or board; or any agent, employee, or director of any of them; or contributor insurers; or the Commissioner of Insurance; or any of the Commissioner's agents, employees, or representatives, for any act or omission by any of them in the performance of their powers and duties under chapter 149 of the statutes. The bill would

have directed the Commissioner of Insurance to assess insurers and enforce assessments. Additionally, the bill created an appropriation in OCI to which the assessments would be deposited, and from which the assessment revenue would be paid to the new nonprofit organization.

In general, the bill would have continued eligibility for all persons eligible for HIRSP under current law. However, the bill would have provided that, to be eligible to enroll in HIRSP as a result of having health insurance coverage rejected, an individual must submit notices of rejection from two or more insurers. Additionally, the bill would have defined "resident," in part, as a person who has been legally domiciled in this state for a period of at least six months. The bill also would have specified that a person is not eligible for coverage under the plan if the person is eligible for the following medical assistance-related programs: (a) services under a medical assistance waiver; (b) a community integration program for residents of state centers; (c) a community integration program for persons relocated or meeting reimbursable levels of care; (d) a community integration program and brain injury waiver program for persons with developmental disabilities; (e) medical assistance as part of a family care benefit; (f) a specified pilot program for long-term care of children with disabilities; (g) a specified autism spectrum disorder waiver program; (h) services provided under the program of all-inclusive care for persons aged 55 or older authorized under 42 USC 1396u-4; (i) services provided under the demonstration program under a federal waiver authorized under 42 USC 1315; and (j) health care coverage under BadgerCare. The bill would have authorized the HIRSP board of directors to establish criteria that would enable additional persons to be eligible for coverage under the plan, as long as the board ensured that the expansion of eligibility was consistent with the purpose of the plan to provide health care coverage for those who are unable to obtain health insurance in the private market and did not endanger the solvency of the plan. Additionally, the bill would have authorized the board to establish policies for determining and verifying the continued eligibility of an eligible person.

The bill would have required that the board determine the design of the plan, including the covered expenses, expenses excluded from coverage, deductibles, copayments, coinsurance, out-of-pocket limits, and coverage limitations. Policies designed by the board would have been subject to OCI approval, and OCI could have disapproved any policy designed by the board that had a benefit design not comparable to a typical individual health insurance policy offered in the private sector market in the state. The bill would have repealed statutory sections related to coverage exclusions, prescription drug coverage, deductibles, copayments, coinsurance, and out-of-pocket limits, premium rates, and preexisting conditions. The bill would have directed the board to establish provider payment rates for covered expenses, including pharmacy expenses, that consist of the allowable charges paid under MA for the services plus an enhancement determined by the board. The bill would have repealed a provision directing that the same utilization and cost control procedures that apply under MA rules be applied to HIRSP. For HIRSP enrollees eligible for Medicare, under the bill, coverage would have been limited to those benefits not paid by Medicare Part A, B, or D. The bill would have directed the board to seek to qualify HIRSP under federal regulations as a state pharmacy assistance program -- which is a program that provides senior citizens and individuals with disabilities increased access to

prescription drugs.

The bill would have specified that plan costs be paid 60 percent from enrollee premiums, 20 percent through insurer assessments, and 20 percent from adjustments to provider payment rates. The bill would have repealed the requirements that premiums be set no lower than 140 percent of the amount that would be charged under an individual policy providing substantially the same coverage. The bill would have repealed the criteria for setting Plan 2 rates. The bill would have required that the board provide for subsidies for premiums, deductibles, and copayments for eligible persons with household incomes below a level established by the board and would have specified that any premium and deductible subsidy costs would be split among policyholders, insurers, and providers according to the same 60 percent/20 percent/20 percent allocation of other HIRSP plan costs.

The bill would have repealed statutory provisions relating to the HIRSP plan administrator and directed that the board adopt policies to administer the HIRSP statute, including the authority to delegate any part of its powers or procedures, including the authority to contract for plan administration. The bill would have directed DHFS to terminate the existing plan administrator contract and directed that the nonprofit organization assuming the responsibility for administering HIRSP contract with the same plan administrator under the same terms and conditions.

The bill would have required the board to annually report to the Legislature and the Governor on the operation of the plan. Under the bill, the board would have been required to: (a) perform all eligibility and administrative claims payment functions; (b) establish a premium billing procedure for collecting premiums from insured persons; and (c) perform all necessary functions to assure timely payment of benefits to covered persons under the plan.

The bill would have deleted current provisions relating to the case management pilot program upon passage of the bill.

Funding and Position Changes. The bill would have eliminated the separate, nonlapsible HIRSP fund managed by the State of Wisconsin Investment Board and transferred the unencumbered assets of the fund to the HIRSP plan administered by the nonprofit association, effective January 1, 2006. The bill would have transferred the unencumbered balances in the appropriation accounts for HIRSP administration and benefits to the HIRSP plan administered by the nonprofit association effective January 1, 2006.

The bill reduced funding for HIRSP benefits in DHFS by \$70,671,800 SEG in 2005-06 and by \$175,169,700 SEG in 2006-07 and reduced funding for HIRSP administration by \$3,286,400 SEG in 2005-06 and \$7,076,600 SEG in 2006-07 and deleted 4.83 SEG positions in DHFS, effective January 1, 2006, to reflect that: (a) DHFS would no longer have any responsibilities relating to the administration of the program; and (b) funding for program benefits and administration costs would no longer be included as part of the state budget. The bill would have repealed the two SEG appropriations in DHFS, effective January 1, 2006. Under the bill, the private, nonprofit organization would have had the authority to hire staff to administer the HIRSP program.

The bill would have created an appropriation in OCI to authorize that agency to make payments to the new board to support a portion of the plan's costs, using revenue it would collect from assessments on insurers. The bill would have provided OCI \$25,171,800 PR in 2005-06 and \$39,292,800 PR in 2006-07 for this purpose.

The Governor's partial veto deletes all of these provisions, including the new appropriation for OCI to pay the Board revenues it collects from insurer assessments (\$25,171,800 PR in 2005-06 and \$39,292,800 PR in 2006-07). However, the Governor was unable to restore SEG funding and positions in DHFS that had been deleted in Enrolled AB 100 as part of this proposal .

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.145(5)), 156w, 320p, 320r, 522c, 535m, 535p, 535r, 1286c, 1354L, 1406f, 2032m thru 2065, 2429c thru 2429r, 9121(13p), 9221(3p), 9321(4L), 9321(4p), 9341(19p), and 9421(5p)]

ITEM C-2. AUTHORITY TO TRANSFER FROM THE GENERAL FUND TO OTHER FUNDS (MEDICAL ASSISTANCE TRUST FUND AND BUDGET STABILIZATION FUND)

Chg to Enr AB 100	
GPR-Transfer	\$199,449,000
SEG-REV	\$235,449,000

As passed by the Legislature, Assembly Bill 100 would have provided, as a part of overall language relating to required lapses to the general fund to be made by the Secretary of Administration, that such appropriation lapses or other transfer of moneys to the general fund may not be made by the Secretary if any such lapse or transfer that would violate a condition imposed by the federal government on the expenditure of the moneys or if the lapse or transfer would violate the federal or state constitutions. Further, a separate subsection within this overall section of the bill as passed by the Legislature related to the required transfer of \$36,000,000 from the general fund to the taxpayer protection fund (which would have been the current budget stabilization fund as renamed under the bill as passed by the Legislature). ***The Governor's partial veto modified and combined these two portions of bill section 9255 to create a single new provision that permits the Secretary of Administration to transfer moneys from the general fund to any appropriation account or to any fund. As a part of this partial veto, the Governor also deleted the language in the separate subsection that would have provided for a transfer of \$36,000,000 from the general fund to the taxpayer protection fund (the budget stabilization fund as renamed under the bill as passed by the Legislature). The remaining language relative to this veto [Section 9255 (1)(b) only] after the partial veto reads as follows:***

"9255. Appropriation changes; other. (1) THE GENERAL FUND. (b) transfers. The secretary of administration may transfer moneys to any appropriation account or FUND from the general fund."

In his veto message, the Governor indicated that in connection with this veto he is requesting the Secretary of Administration under this language to transfer, in fiscal year 2005-06, a total of \$235,449,000 from the general fund to the medical assistance (MA) trust fund to be used

for ongoing MA expenditures (This amount is \$32,609,100 less than the amount that would have been transferred from the transportation fund to the MA trust fund in 2005-06 under another provision of Enrolled AB 100 – this provision was vetoed by the Governor – see Item B-35). The Governor also indicated that in connection with this veto he is further requesting that the Secretary of Administration transfer any net proceeds realized from the sale of unneeded state-owned properties that are in excess of \$36,000,000 to the budget stabilization fund.

[Act 25 Vetoed Sections: 9255(1)(b)&(2)]

ITEM C-3. NURSING HOME BED ASSESSMENT – GPR-EARNED REVENUES

Chg to Enr AB 100	
GPR-REV	\$27,600,000
SEG-REV	- \$27,600,000

As passed by the Legislature, Assembly Bill 100 would have specified that, beginning in 2005-06, all revenue DHFS collects from the nursing home bed assessment be deposited to the MA trust fund. To reflect the availability of additional revenue to the MA trust fund (and a corresponding reduction of revenue to the general fund), the bill reduced MA benefits funding by \$13,800,000 GPR annually and increased MA benefits funding by \$13,800,000 SEG annually from the MA trust fund. Previously, the statutes required that all of the assessment revenue be deposited to the MA trust fund, except that the following amounts would have been deposited to the general fund (commonly referred to as “GPR-earned revenues”): (a) in 2004-05, \$13,800,000; and (b) in 2005-06 and each year thereafter, 45% of the total revenue collected from the nursing home assessment. The MA trust fund supports a portion of the state costs of MA benefits.

By retaining the current reference to “\$13,800,000” and “in each fiscal year,” the Governor’s partial veto specifies that, in each year, \$13,800,000 of the revenue collected from the nursing home bed assessment will be deposited to the general fund, and the rest of the revenue from the nursing home bed assessment will be deposited to the MA trust fund. Compared to Enrolled AB 100, the Governor’s partial veto reduces revenue to the MA trust fund by \$13,800,000 annually and increases revenue to the general fund by corresponding amounts.

[Act 25 Vetoed Sections: 537, 1222m, and 1223]

ITEM C-4. NURSING HOME RATE INCREASE

Chg to Enr AB 100	
GPR	- \$15,259,700
FED	- 20,723,800
Total	- \$35,983,500

As passed by the Legislature, Assembly Bill 100 would have provided \$12,189,100 (\$5,141,700 GPR and \$7,047,400 FED) in 2005-06 and \$23,794,400 (\$10,118,000 GPR and \$13,676,400 FED) in 2006-07 to increase MA rates to nursing homes by approximately 1.4% in 2005-06 and by an additional 1.4% in 2006-07. ***By deleting the 2005-06 and 2006-07 GPR appropriation amounts for MA benefits (\$1,371,322,900 in 2005-06 and \$1,732,997,800 in 2006-07) and writing in lower totals (\$1,360,797,800 in 2005-06 and \$1,716,083,000 in 2006-07), the Governor’s partial veto deletes the GPR funding Enrolled AB***

100 would have provided for nursing home rate increases (\$5,141,700 GPR in 2005-06 and \$10,118,000 GPR) and several other items. In his veto message, the Governor indicates that he is requesting that the Department of Administration Secretary not allot the vetoed GPR funds. Consequently, estimated federal MA matching funds are reduced by \$7,047,400 in 2005-06 and by \$13,676,400 in 2006-07.

[Act 25 Vetoed Section: 140 (as it relates to s. 20.435(4)(b))]

ITEM C-5. COMMUNITY RELOCATIONS INITIATIVE

As passed by the Legislature, Assembly Bill 100 included provisions that authorize DHFS to pay enhanced rates to counties to support services under the community integration program (CIP II) for individuals who are relocated from nursing homes, provided that the number of individuals relocated under these provisions does not exceed the number of nursing home beds that are delicensed as part of plans submitted by nursing homes and approved by DHFS. The bill reduces MA benefits funding by \$1,950,700 (-\$822,800 GPR and -\$1,127,900 FED) in 2005-06 and by \$9,016,000 (-\$3,840,800 GPR and -\$5,175,200 FED) in 2006-07 to reflect net savings that are projected to occur once this initiative is implemented.

As part of these provisions, Assembly Bill 100 would have specified that all CIP II relocation funding provided under this initiative could only be used to support MA-eligible individuals who resided in a nursing home for at least 100 days. In addition, the bill would have required DHFS to submit a report to the Joint Committee on Finance by January 1, 2007, that identifies: (a) the administrative, housing, and services expenditures associated with any relocations, including the average individual expenditures and the collective expenditures; (b) the nature and duration of the community placements; (c) the impact of the relocations on resident health and safety, utilization of MA-allowable services, and the costs of providing MA services per person; and (d) the savings generated as a result of the CIP II relocations initiative, including the average savings generated per relocation and the savings generated in total. This report would have included information collected through at least June 30, 2006.

The Governor's partial veto deletes the provisions that would have: (a) limited participation in the program to individuals who have resided in nursing homes for at least 100 days; and (b) required DHFS to submit a report to the Joint Committee on Finance that includes specified information on the initiative.

[Act 25 Vetoed Sections: 869 and 9121(12r)]

ITEM C-6. FUNCTIONAL SCREEN

As passed by the Legislature, AB 100 would have prohibited DHFS from using the long-term care functional screen to determine levels of care for nursing home residents and to set MA

reimbursement rates for nursing homes. DHFS developed this instrument to assist counties that participate in Family Care to determine level of care needs among Family Care participants and functional eligibility for elderly individuals and adults with physical and developmental disabilities. In December, 2003, DHFS indicated that all counties would be required to begin to use the long-term care functional screen by the end of calendar year 2004 and that, beginning in 2005, counties would be required to use the long-term care functional screen to determine functional eligibility for the MA home- and community-based waver and community options programs.

The Governor's partial veto deletes this provision. In his veto message, the Governor indicates that DHFS will initially use the federal minimum data set for level of care determinations, rather than the functional screen.

[Act 25 Vetoed Sections: 1132f and 1217r]

ITEM C-7. NURSING HOME REIMBURSEMENT RATES

As passed by the Legislature, AB 100 directed DHFS to develop and acuity-based payment rate system that: (a) incorporates acuity measurements under the most recent Resource Utilization Group III (RUGS III) resident classification methodology to determine factors for case-mix adjustment; (b) determines the average case-mix index, as described above, for each MA-supported nursing facility four times per year for residents who are primarily supported by MA on the last day of each calendar quarter; (c) incorporates payment adjustments for dementia, behavioral needs, or other complex medical conditions; and (d) may include incentives for providing high quality of care. In addition, the bill would have required that the system identify the extent to which the MA program pays facilities for facilities' direct care nursing costs that are allowable under MA. ***The Governor's partial veto deletes the provision that would have required that the system identify the extent to which the MA program pays facilities' direct care nursing costs that are allowable under MA.***

[Act 25 Vetoed Section: 1128m]

ITEM C-8. PHARMACY REIMBURSEMENT -- RATES FOR BRAND NAME PRESCRIPTION DRUGS

Chg to Enr AB 100	
GPR	- \$9,941,300
FED	- <u>12,839,800</u>
Total	- \$22,781,100

As passed by the Legislature, Assembly Bill 100 would have maintained the maximum reimbursement rate the state pays for brand name and non-readily available generic drugs purchased under the MA, BadgerCare and SeniorCare programs at the current rate of the average wholesale price (AWP) minus 13%.

The Governor's partial veto reduces MA, BadgerCare, and SeniorCare GPR benefits funding by a total of \$3,921,300 in 2005-06, by: (a) deleting the amount in the MA GPR benefits appropriation (\$1,371,322,900) and writing in a lower amount (\$1,360,797,800) to reflect several

MA-related partial vetoes, including this one (-\$2,270,300); (b) deleting the amount in the BadgerCare benefits appropriation (\$62,731,000) and writing in a lower amount (\$62,439,100) to reflect several BadgerCare-related partial vetoes, including this one (-\$234,100); and (c) deleting the amount in the SeniorCare benefits appropriation (\$54,156,700) and writing in a lower amount (\$52,090,900) to reflect several SeniorCare-related vetoes, including this one (-\$1,416,900). The Governor's partial veto reduces MA, BadgerCare, and SeniorCare GPR benefits funding by a total of \$6,020,000 in 2006-07, by: (a) deleting the amount in the MA GPR benefits appropriation (\$1,732,997,800) and writing in a lower amount (\$1,716,083,000) to reflect several MA-related partial vetoes, including this one (-\$3,430,900); (b) deleting the amount in the BadgerCare benefits appropriation (\$78,606,600) and writing in a lower amount (\$78,131,000) to reflect several BadgerCare-related partial vetoes, including this one (-\$386,400); and (c) deleting the amount in the SeniorCare benefits appropriation (\$60,688,800) and writing in a lower amount (\$57,560,700) to reflect several SeniorCare-related vetoes, including this one (-\$2,202,700).

In his veto message, the Governor indicates that these funding reductions reflect his intent to establish a reimbursement rate of AWP minus 16% for the 2005-07 biennium and requests the DOA Secretary not to allot these funds. This partial veto would reduce estimated federal matching funds in 2005-06 by: (a) \$3,111,800 for MA; (b) \$558,900 for BadgerCare; and (c) \$1,416,900 for SeniorCare, and reduce estimated federal matching funds in 2006-07 by: (a) \$4,637,500 for MA; (b) \$912,000 for BadgerCare; and (c) \$2,202,700 for SeniorCare.

In his veto message, the Governor also directs the Secretary of the Department of Health and Family Services to develop a new reimbursement system, as an alternative to the AWP methodology, for consideration in the 2007-09 biennium.

[Act 25 Vetoes Section: 140 (as it relates to s. 20.435(4)(b),(bc)&(bv))]

ITEM C-9. PHARMACY REIMBURSEMENT -- DISPENSING FEES

As passed by the Legislature, Assembly Bill 100 would have maintained the dispensing fee the state pays for drugs dispensed by pharmacies under the MA, BadgerCare, and SeniorCare programs at the current rate of \$4.38 per prescription.

Chg to Enr AB 100	
GPR	- \$3,200,300
FED	- 3,933,200
Total	- \$7,133,800

The Governor's partial veto reduces MA, BadgerCare, and SeniorCare GPR benefits funding by a total of \$1,319,800 in 2005-06, by: (a) deleting the amount in the MA GPR benefits appropriation (\$1,371,322,900) and writing in a lower amount (\$1,360,797,800) to reflect several MA-related partial vetoes, including this one (-\$613,100); (b) deleting the amount in the BadgerCare benefits appropriation (\$62,731,000) and writing in a lower amount (\$62,439,100) to reflect several BadgerCare-related partial vetoes, including this one (-\$57,800); and (c) deleting the amount in the SeniorCare benefits appropriation (\$54,156,700) and writing in a lower amount (\$52,090,900) to reflect several SeniorCare-related vetoes, including this one (-\$648,900). The Governor's partial veto reduces MA, BadgerCare, and SeniorCare GPR benefits funding by a total of \$1,880,500 in 2006-07, by: (a) deleting the amount in the MA GPR benefits appropriation

(\$1,732,997,800) and writing in a lower amount (\$1,716,083,000) to reflect several MA-related partial vetoes, including this one (-\$865,900); (b) deleting the amount in the BadgerCare benefits appropriation (\$78,606,600) and writing in a lower amount (\$78,131,000) to reflect several BadgerCare-related partial vetoes, including this one (-\$89,200); and (c) deleting the amount in the SeniorCare benefits appropriation (\$60,688,800) and writing in a lower amount (\$57,560,700) to reflect several SeniorCare-related vetoes, including this one (-\$925,400).

In his veto message, the Governor indicates that these funding reductions reflect his intent to decrease the dispensing fee by \$0.50 to \$3.88 per prescription for the 2005-07 biennium and requests the DOA Secretary not to allot these funds. This partial veto would reduce estimated federal matching funds in 2005-06 by: (a) \$840,000 for MA; (b) \$138,000 for BadgerCare; and (c) \$648,900 for SeniorCare, and reduce estimated federal matching funds in 2006-07 by: (a) \$1,170,400 for MA; (b) \$210,500 for BadgerCare; and (c) \$925,400 for SeniorCare.

[Act 25 Vetoes Section: 140 (as it relates to s. 20.435(4)(b),(bc)&(bv))]

ITEM C-10. PROHIBITION AGAINST LIMITATIONS ON REIMBURSEMENT FOR PSYCHOTROPIC MEDICATIONS

As passed by the Legislature, Assembly Bill 100 would have prohibited DHFS from placing any new limitations on reimbursement for psychotropic medications, other than selective serotonin reuptake inhibitors and stimulants and related agents, that are prescribed to treat mental illness, under the state's MA, BadgerCare and SeniorCare programs in the 2005-07 biennium. *The Governor's partial veto deletes this provision.*

[Act 25 Vetoes Section: 9121(14k)]

ITEM C-11. REPORT ON PHYSICIAN PRESCRIBING PRACTICES

As passed by the Legislature, Assembly Bill 100 would have required DHFS to prepare a report on the prescriptions physicians wrote for MA and BadgerCare recipients in 2004-05. The report would have included, for each physician: (a) the percentage of the prescriptions each physician wrote for generic drugs and the percentage written for nongeneric drugs; (b) the number of prescriptions each physician wrote that required prior authorization, and the percentage these prescriptions represented of the total number of prescriptions each physician wrote; and (c) of the prescriptions written for drugs for which a generic drug was available, the number and percentage that specified a nongeneric drug. DHFS would have been required to submit the report by January 1, 2006, to the Joint Committee on Finance and the appropriate standing committees of the Legislature. *The Governor's partial veto deletes this provision.*

[Act 25 Vetoes Section: 9121(14p)]

ITEM C-12. REPORT ON CAPPING THE NUMBER OF BRAND NAME PRESCRIPTION DRUGS

As passed by the Legislature, Assembly Bill 100 would have required DHFS to submit a report to the Joint Committee on Finance and the appropriate legislative standing committees by July 1, 2006, which would have: (a) identified the potential savings to the MA, BadgerCare, and SeniorCare programs of limiting the number of brand name prescription drugs recipients could receive in any month to five, after which any additional brand name prescription drugs would be subject to prior authorization procedures; and (b) identified costs DHFS and providers would incur if such a proposal were implemented. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 9121(13n)]

ITEM C-13. GENERIC DRUG COPAYMENTS

As passed by the Legislature, Assembly Bill 100 would have increased, from \$1 to \$3, the copayment for generic drugs dispensed to MA and BadgerCare recipients, effective October 1, 2005. The bill reduced MA benefits funding by \$1,807,600 (-\$762,500 GPR and -\$1,045,100 FED) in 2005-06 and \$2,530,600 (-\$1,076,100 GPR and -\$1,454,500 FED) in 2006-07 to reflect this change.

The Governor's partial veto deletes the provision to increase, from \$1 to \$3, the copayment for generic drugs dispensed to MA and BadgerCare recipients. Because the Governor's partial veto does not restore MA benefits funding that was deleted to reflect the estimated savings of increasing the copayment, this partial veto results in MA projected costs exceeding the amounts budgeted for the program.

[Act 25 Vetoed Sections: 1144p, 1184c, 9321(9w), and 9421(11w)]

ITEM C-14. OUTPATIENT HOSPITAL REIMBURSEMENT RATES

As passed by the Legislature, Assembly Bill 100 would have increased MA benefits funding by \$5,926,600 (\$2,500,000 GPR and \$3,426,600 FED) in 2005-06 and \$5,879,200 (\$2,500,000 GPR and \$3,379,200 FED) in 2006-07, to fund an across-the-board rate increase for outpatient hospital services, beginning in 2005-06.

Chg to Enr AB 100	
GPR	- \$5,000,000
FED	- 6,805,800
Total	- \$11,805,800

By deleting the 2005-06 and 2006-07 GPR appropriation amounts for MA benefits (\$1,371,322,900 in 2005-06 and \$1,732,997,800 in 2006-07) and writing in lower amounts (\$1,360,797,800 in 2005-06 and \$1,716,083,000 in 2006-07), the Governor's partial veto deletes the \$2,500,000 in annual GPR funding that Enrolled AB 100 would have provided under this provision. In his veto message, the Governor indicates that he is requesting that the Department

of Administration Secretary not allot the vetoed GPR funds. Consequently, federal matching funds will be reduced by \$3,426,600 in 2005-06 and \$3,379,200 in 2006-07.

[Act 25 Vetoed Section: 140 (as it relates to s. 20.435(4)(b))]

ITEM C-15. ESSENTIAL ACCESS CITY HOSPITAL (EACH) PAYMENTS

As passed by the Legislature, Assembly Bill 100 would have permitted more than one hospital to qualify for an EACH supplement after July 1, 2007. The bill would have required DHFS to establish criteria, effective July 1, 2007, for designation as an EACH. DHFS would have been prohibited from establishing criteria that include reference to criteria that hospitals were required to have met during July 1, 1995, to June 30, 1996. Further, DHFS would have been directed to include in its criteria, the requirements that: (a) more than 30% of a hospital's total inpatient days are reimbursable under MA; and (b) no hospital that qualifies for a MA pediatric inpatient supplement is eligible for an EACH payment. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Sections: 1135c, 1135d, and 1135e]

ITEM C-16. BARIATRIC SURGERY PROHIBITION

As passed by the Legislature, Assembly Bill 100 would have prohibited the MA and BadgerCare programs from paying for gastric bypass surgery or gastric stapling surgery unless the procedure was required to be covered under federal MA law, as interpreted by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. The bill reduced MA benefits funding by \$904,600 (-\$381,600 GPR and -\$523,000 FED) and \$904,600 (-\$384,700 GPR and -\$519,900 FED) to reflect projected savings that would occur as a result of this provision. Under current law, the MA and BadgerCare programs may only pay for these procedures if they are performed because of a medical emergency.

The Governor's partial veto deletes this provision. Because the Governor's partial veto does not restore the MA benefits funding that was deleted as part of this item, this partial veto results in MA projected costs exceeding the amounts budgeted for the program.

[Act 25 Vetoed Sections: 1146j, 1157j, and 9321(9q)]

ITEM C-17. ACTUARIAL SOUNDNESS OF HEALTH MAINTENANCE ORGANIZATION REIMBURSEMENT RATES

As passed by the Legislature, Assembly Bill 100 would have required the MA and BadgerCare programs to pay HMOs that serve MA or BadgerCare recipients actuarially sound capitation rates. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 1124g]

ITEM C-18. FAMILY PLANNING FUNDING PREFERENCE

As passed by the Legislature, Assembly Bill 100 would have required that DHFS, in allocating GPR funds budgeted for family planning activities under s. 20.435(5)(f), Stats., and federal maternal and child health block grant funds for family planning services, as defined in s. 253.07(1)(b) of the statutes, use an application process under which it gives preference to applicants that are local health departments or tribal health centers that would directly provide family planning services. The bill would have required DHFS to give local health departments and tribal health centers sufficient notice to enable them to apply for the funds; and would have required DHFS to allocate funds to local health departments and tribal health centers that applied for the funds and were qualified to provide the services. The bill would have allowed DHFS to allocate any remaining funds to private organizations that applied and were qualified to provide the services. ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoed Sections: 2133c thru 2133p]

ITEM C-19. FOSTER CARE RATES

As passed by the Legislature, Assembly Bill 100 would provide \$278,800 (\$214,000 GPR and \$64,800 FED) in 2005-06 and \$843,400 (\$619,100 GPR and \$224,300 FED) in 2006-07 to support a 2.5% increase in foster care rates beginning January 1, 2006, and an additional 2.5% increase beginning January 1, 2007. Beginning January 1, 2006, the monthly foster care rates would have been as follows: (a) \$310 for a child under five years of age; (b) \$337 for a child between five and 11 years of age; (c) \$384 for a child between 12 and 14 years of age; and (d) \$401 for a child 15 years of age or older. Beginning January 1, 2007, the monthly foster care rates for a child would have been: (a) \$317 for a child under five years of age; (b) \$346 for a child between five and 11 years of age; (c) \$394 for a child between 12 and 14 years of age; and (d) \$411 for a child 15 years of age or older.

The Governor's partial veto deletes the statutory foster care rates beginning January 1, 2006, and deletes the January 1, 2007, date, such that the foster care rates beginning January 1, 2006, are: (a) \$317 for a child under five years of age; (b) \$346 for a child between five and 11 years of age; (c) \$394 for a child between 12 and 14 years of age; and (d) \$411 for a child 15 years of age or older. These are the rates that, under the bill, would have been effective on January 1, 2006. No additional funding was provided for the higher rates in calendar year 2006. Therefore, counties, the Bureau of Milwaukee Child Welfare, and the state foster care and adoption assistance program will be required to absorb the costs of the higher rate increase, for a total of \$289,300 (\$223,800 GPR and \$65,500 FED) in 2005-06 and \$292,800 (\$214,700 GPR and \$78,100 FED) in 2006-07.

[Act 25 Vetoed Section: 951(d)]

ITEM C-20. TERMINATION OF PARENTAL RIGHTS WARNING IN SUBSIDIZED GUARDIANSHIPS

As passed by the Legislature, Assembly Bill 100 would have required that, when a court appoints a guardian who receives a subsidized guardianship payment for the care of a child, the court orally inform the parent or parents who appear in court of any grounds for termination of parental rights that may be applicable and the conditions necessary for the child to be returned to the home. Under current law, the court is required to provide this information orally when a child is placed outside of his or her home or parent visitation is denied because the child has been adjudged in need of protection or services. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 926]

ITEM C-21. BUREAU OF MILWAUKEE CHILD WELFARE REPORT ON CASEWORKER RETENTION

As passed by the Legislature, Assembly Bill 100 would have required DHFS to submit by January 1, 2006, to the Joint Committee on Finance, a report regarding the activities conducted by the Bureau of Milwaukee Child Welfare to retain caseworkers providing services to children and families in Milwaukee County. Further, the bill would have required DHFS to include in its report, the results of any review conducted by an outside consultant, under contract with DHFS, to review the causes of turnover of these caseworkers and to identify and prioritize strategies to improve the retention of the caseworkers. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 9121(12d)]

ITEM C-22. STUDY OF FUNDING OPTIONS FOR REFUGEE FAMILY STRENGTHENING PROJECT

As passed by the Legislature, Assembly Bill 100 would have required DHFS, in cooperation with the 2004-05 refugee family strengthening project recipients, to report to the Joint Committee on Finance, by January 1, 2006, on alternative funding sources for the project. ***The Governor's partial veto deletes this provision. In his veto message, the Governor indicates that he is requesting DHFS to develop such options.***

[Act 25 Vetoed Section: 9121(13f)]

ITEM C-23. STUDY OF EVIDENCE-BASED PRACTICES

As passed by the Legislature, Assembly Bill 100 would have required DHFS to submit a report to the Legislature by December 31, 2006, regarding how DHFS determined evidence-based practices in substance abuse and mental health treatment for the purpose of awarding grants under the county alcohol and other drug abuse grant program. ***The Governor's partial veto***

deletes this provision. In his veto message, the Governor indicates that he is requesting DHFS to continue its work in this area.

[Act 25 Vetoed Section: 9121(13g)]

ITEM C-24. SUPPLEMENTAL SECURITY INCOME BENEFITS APPROPRIATION

As passed by the Legislature, Assembly Bill 100 would have changed the GPR appropriation that supports the state supplemental security income (SSI) supplemental benefits from a sum sufficient to a sum certain, annual appropriation. In addition, the bill would have permitted DHFS to request supplemental funding under s. 13.10 of the statutes if DHFS determines that the appropriation for state SSI benefits is insufficient to fully support benefit costs. ***The Governor's partial veto deletes this provision. Therefore, the GPR appropriation for state SSI benefits remains a sum sufficient appropriation.***

[Act 25 Vetoed Sections: 140 (as it relates to s. 20.435(7)(ed)), 331(f), and 1188(d)]

ITEM C-25. SUPPLEMENTAL SECURITY INCOME MANAGED CARE EXPANSION REPORTING REQUIREMENT

As passed by the Legislature, Assembly Bill 100 would have required DHFS to submit a report to the Joint Committee on Finance by January 1, 2007 that specifies: (a) the status of the Department's initiatives to increase enrollment of SSI recipients and low-income families in managed care plans under the state's MA program, including information that compares the assumptions regarding managed care plan enrollments and cost savings under the MA program that are contained in DOA's AB 100 budget documents with the managed care plan enrollments and cost savings realized before July 1, 2006, and with the managed care plan enrollments and cost savings projected to occur before July 1, 2007; and (b) any other initiatives that have been implemented by DHFS to realize cost savings under the MA program. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 9121(13w)]

ITEM C-26. HEALTH CARE INFORMATION STUDY AND REPORTS

As passed by the Legislature, Assembly Bill 100 would have required that DHFS implement the following changes with respect to the physicians office visit data (POVD) program: (a) develop procedures to ensure that data are submitted consistently and accurately, including clarifying in administrative rule the place-of-service codes and types of ancillary services that are required to be reported; (b) work directly with individual practice groups to identify and correct data submission errors; (c) develop and publish standard reports that are understandable by individuals without medical backgrounds; (d) make program data available in a timely fashion;

(e) enter into a memorandum of understanding with the Department of Regulation and Licensing to improve the timeliness of updating physician information and to improve the assessment process; and (f) report to the Joint Legislative Audit Committee and the Joint Finance Committee by November 30, 2005, regarding the status of implementing these suggested changes. In addition, the bill would have required DHFS to study and make recommendations to the Joint Finance Committee, by March 1, 2006, concerning the feasibility of creating a centralized physician information database, including the feasibility of a joint public-private effort.

The Governor's partial veto deletes provisions (a) through (f). In addition, the Governor's partial veto eliminates the requirement that DHFS make recommendations to the Joint Finance Committee by March 1, 2006, concerning the feasibility of creating a centralized physician information database; however, the requirement that DHFS study the feasibility of creating a centralized physician information database, including through a joint public and private effort, remains.

[Act 25 Vetoed Sections: 2067g and 9101(6)&(7q)]

ITEM C-27. JOINT SERVICES STUDY

As passed by the Legislature, Assembly Bill 100 would have required the Department of Health and Family Services, the Department of Corrections, and the Department of Veterans Affairs to, together, develop a plan and submit to the Joint Committee on Finance a report on proposed programs for the joint provision of personnel, payroll, purchasing, custodianship, grounds and maintenance, distribution, warehouse and security services at the Northern Center for the Developmentally Disabled and the Southern Center for the Developmentally Disabled for all programs that each agency conducts at these places. The report would have contained the projected impact of the proposed programs on expenditures and numbers of authorized positions for each agency. If the report were approved by the Joint Committee on Finance, the agencies would have been required to jointly fund and implement the programs proposed in the report. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Sections: 1225m and 9121(12q)]

JUSTICE

CIRCUIT COURTS

ITEM D-1. REGISTER IN PROBATE COPY FEE

As passed by the Legislature, Assembly Bill 100 would have increased the copy fee charged by the register in probate from \$1 per page to \$1.25 per page. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 2448m]

CORRECTIONS

ITEM D-2. PILOT PROGRAM FOR PHARMACEUTICAL CONTRACTING

As passed by the Legislature, Assembly Bill 100 would have created a pilot program under which a private contractor would supply and distribute pharmaceuticals at one of the Department of Corrections' adult institutions. Under AB 100, a contract would have been awarded only if cost savings would be realized as a result of the contract. ***The Governor's partial veto deletes the phrase "one of." As a result, Corrections is allowed to create a pilot pharmaceutical supply and distribution program at the Department's adult institutions.***

[Act 25 Vetoed Section: 9109(2q)]

ITEM D-3. STUDY OF FUNDING FOR LONG-TERM CARE INMATES

As passed by the Legislature, Assembly Bill 100 would have directed the Department of Corrections to study and report to the Legislature by June 30, 2006, regarding the possibility of reducing its costs for the care of inmates who are not a threat to the community and who require extended nursing care. The study would have examined the possibility of using other revenues to pay for the care of such inmates in a setting other than a conventional facility infirmary. ***The Governor's partial veto deletes the reporting date of June 30, 2006.***

[Act 25 Vetoed Section: 9109(3q)]

ITEM D-4. FACILITIES STUDY

As passed by the Legislature, Assembly Bill 100 would have directed the State Building Commission and Corrections to prepare, or contract to prepare, a 10-year strategic plan for state correctional facilities. The plan would have been submitted to the Governor and Legislature no later than September 1, 2007. The plan would have been funded from the Building Trust Fund and would have:

- a. Evaluated each existing institution's: (1) physical condition; (2) security, environmental, health and safety issues; and (3) housing, program and food service capacity;
- b. Determined the system's operating capacity based on: (1) the mission of the Department; (2) space occupancy guidelines developed by the Commission and Corrections; (3) model operating capacities which account for inmate or resident security classification, gender, age, health condition, program need and length of incarceration; (4) a comparison of the guidelines and models with current conditions at the institutions; and (5) current prison design and operation;
- c. Determined operating capacity shortfalls for the period covered by the report, based on projected inmate populations; and
- d. Recommended building projects and budgets, and the potential use of out-of-state and county jail bed contracts, to address identified deficiencies at existing institutions and operating capacity shortfalls.

The Governor's partial veto deletes this provision. In the veto message, the Governor indicates that Corrections and the Department of Administration are "already working on a strategic plan for correctional facilities. I am requesting that the departments continue their efforts in preparation for the next budget."

[Act 25 Vetoed Section: 9105(14x)]

ITEM D-5. UNIT SUPERVISORS

As passed by the Legislature, Assembly Bill 100 would have prohibited the Department of Corrections from creating or employing any corrections unit supervisors or similar positions to supervise correctional institution security staff if that position did not directly report to the institution's security director. ***The Governor's partial veto deletes this provision. Funding and positions deleted under AB 100 (\$3,324,100 GPR and 45.0 GPR positions and \$1,042,100 PR and 14.0 PR positions annually) could not be restored through the partial veto. However, in the veto message, the Governor indicates that "the Department of Corrections will have the flexibility to substitute other positions in place of the Corrections unit supervisor and assistant unit supervisor positions deleted in" AB 100.***

[Act 25 Vetoed Section: 2221m]

ITEM D-6. CONTRACT BED FUNDING

Chg to Enr AB 100	
GPR	- \$3,000,000

As passed by the Legislature, Assembly Bill 100 would have placed \$1,500,000 annually in the Joint Committee on Finance's supplemental appropriation for possible release to the Department of Corrections for additional in-state and/or out-of-state prison contract beds. ***The Governor's partial veto deletes this provision by lining out the appropriation and writing in a smaller amount that deletes \$1,500,000 annually. The Governor indicates in the veto message that he is requesting the Department of Administration Secretary not to allot these funds.***

[Act 25 Vetoes Section: 140 (as it relates to s. 20.865(4)(a))]

ITEM D-7. SALE OF INMATE PRODUCTS

As passed by the Legislature, Assembly Bill 100 would have authorized the Department of Corrections to sell in the open market, products produced in whole or in part by inmates in a state penal institution if the products are produced as part of a technical college course provided to inmates. Assembly Bill 100 would have eliminated the current requirement that products, manufactured in whole or in part by inmates in a state penal institution as part of vocational training, may only be offered for sale in the open market if: (a) the purpose of the sale is to support the institution's or agency's mission or is for some other charitable purpose; and (b) the sale has been approved by the Prison Industries Board. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoes Sections: 2239m, 2240g, and 2240r]

ITEM D-8. JUVENILE CORRECTIONAL FACILITY COST REDUCTION

As passed by the Legislature, Assembly Bill 100 would have directed Corrections to submit a plan to the Joint Committee on Finance by March 1, 2006, under a 14-day passive review process either to: (a) close one secured correctional facility for juveniles (Ethan Allen School, Lincoln Hills School, or Southern Oaks Girls School); or (b) achieve operational savings in the costs of operating secured correctional facilities sufficient to reduce the daily rate for care at secured correctional facilities in 2006-07 to \$187. The bill would also have required that the plan include any proposed legislation that is necessary to implement the plan. ***The Governor's partial veto eliminates the March 1, 2006, submission date for the plan and the requirement that the plan achieve operational savings sufficient to reduce the daily rate for secured correctional facility care in 2006-07 to \$187. Under the veto, Corrections must now submit a plan to the Joint Committee on Finance under a 14-day passive review process either to: (a) close one secured correctional facility for juveniles; or (b) achieve operational savings in the costs of operating secured correctional facilities. The plan must still include any proposed legislation***

necessary to implement the plan. The Governor's veto message indicates that he will ask Corrections to provide the information to the Legislature by January, 2007.

[Act 25 Vetoed Section: 9109(1e)]

ITEM D-9. JUVENILE CORRECTIONAL SERVICES DEFICIT

As passed by the Legislature, Assembly Bill 100 would have created a statutory mechanism to authorize Corrections and DOA, prior to the end of each odd-numbered year, to: (a) estimate the unexpended revenues, less encumbrances, that will remain in the appropriation account s. 20.410(3)(hm) on June 30 of that year; and (b) if a negative estimated balance is projected, include the amount of the estimated deficit in the cost basis for the calculation of the proposed secured correctional facilities daily rates for the subsequent biennium. The bill would have required that 50% of the deficit amount be added to the cost basis for the calculation of daily rates for the first year of the subsequent biennium and 50% of the deficit amount be added to the cost basis for the calculation of daily rates for the second year of the subsequent biennium. The share of the daily rate revenue that is proportionate to the share of the increased cost basis associated with the estimated deficit would have been reserved for the purpose of retiring the deficit. The bill would have provided that any revenue reserved for this purpose that exceeds the amount of the deficit on June 30, of the odd-numbered year of the subsequent biennium, be reimbursed to the counties and the state by September 30, of that calendar year, in a manner proportionate to the total number of days of juvenile placements at the facilities for each county and the state. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Sections: 295g, 295h, 2210m, and 9409(1x)]

ITEM D-10. YOUTH DIVERSION PROGRAM IN WARD 3 IN THE CITY OF RACINE

As passed by the Legislature, Assembly Bill 100 would have provided an additional \$100,000 PR annually in penalty surcharge funding to permit Corrections to enter into an additional contract with an organization in Ward 3 of the City of Racine to provide services designed to divert juveniles from gang activities into productive activities. ***The Governor's partial veto deletes the designation that the funding be provided to an organization in Ward 3 of the City of Racine. Under the partial veto, the Department may award the funding to any organization for youth diversion activities.***

[Act 25 Vetoed Section: 88p]

JUSTICE

ITEM D-11. COUNTY LAW ENFORCEMENT SERVICES GRANT

Chg to Enr AB 100	
GPR-REV	\$900,000
PR	- \$900,000

As passed by the Legislature, Assembly Bill 100 would have transferred the administration of the county law enforcement services grant program and base level funding of \$250,000 annually from the Department of Administration’s Office of Justice Assistance to the Department of Justice. The bill would also have provided an additional \$750,000 annually to the program (for total funding of \$1,000,000 annually from tribal gaming revenues) and would have specified that \$300,000 annually under the grant program be allocated to Forest County. ***The Governor's partial veto deletes \$450,000 annually of increased expenditure authority for the grant program by deleting the annual amounts in the appropriations schedule (\$1,000,000) and writing in the lower annual amounts (\$550,000). In his veto message, the Governor indicates that he is requesting the DOA Secretary not to allot these funds. The Governor's veto message also indicates that the intent of the veto is to maintain base level funding for the grant program in addition to the earmarked funding for Forest County. The reduction of tribal gaming revenues to this appropriation as a result of the Governor's partial veto has the effect of increasing the amount of such revenues credited to the general fund.***

[Act 25 Vetoed Section: 140 (as it relates to s. 20.455(2)(kq))]

ITEM D-12. DRUG LAW ENFORCEMENT AND CRIME LABORATORIES APPROPRIATIONS LAPSE

Chg to Enr AB 100	
GPR-REV	\$175,000

As passed by the Legislature, Assembly Bill 100 would have provided that all unencumbered balances in excess of \$175,000 each June 30 during the 2005-07 biennium only in the DOJ appropriation accounts funded by the crime laboratories and drug law enforcement surcharge would lapse to the general fund. The bill would have estimated total lapse amounts from this source at \$818,600 in 2005-06 and \$1,091,500 in 2006-07. ***The Governor's partial veto deletes the authority of the Department to retain \$175,000 in unencumbered surcharge balances at the end of each fiscal year during the 2005-07 biennium. As a result, an additional \$175,000 in surcharge balances are projected to lapse to the general fund in 2005-06.***

[Act 25 Vetoed Section: 9229(2k)]

OFFICE OF JUSTICE ASSISTANCE

ITEM D-13. INTERAGENCY AND INTRA-AGENCY AIDS APPROPRIATION

As passed by the Legislature, Assembly Bill 100 would have transferred the youth diversion program from the Department of Administration's Office of Justice Assistance (OJA) to the Department of Corrections. As a part of this transfer, an OJA interagency and intra-agency aids appropriation to which federal funding for the program from the Department of Health and Family Services had been credited, would also have been deleted. ***The Governor's partial veto deletes the repeal of this OJA interagency and intra-agency aids appropriation.***

[Act 25 Vetoes Section: 415x]

STATE GOVERNMENT OPERATIONS

BUDGET MANAGEMENT

ITEM E-1. LAPSES TO GENERAL FUND

As passed by the Legislature, Assembly Bill 100 would have required the Secretary of Administration to lapse to the general fund the following amounts from the indicted agencies and appropriations.

Required Lapses to General Fund Under Enrolled AB 100

<u>Agency and Appropriation Title</u>	<u>Required Lapse Amount</u>	
	<u>2005-06</u>	<u>2006-07</u>
Administration		
Plat and proposed incorporation and annexation review	\$21,700	\$0
Materials and services to state agencies and certain districts	35,900	0
Capital planning and building construction services	1,818,900	0
Printing, mail, communications and IT services	7,500,000	0
Telecommunications services; state agencies; veterans services	427,100	0
Admin. Of Gov. WI Educational Technology Conference	36,800	0
Waste facility siting board; general program operations	150,000	0
Facility operations and maintenance; police and protection functions	5,453,600	0
Parking	1,250,000	0
Indian gaming; general program operations	56,700	0
Raffles and crane games; general program operations	100,000	0
Agriculture, Trade and Consumer Protection		
Weights and measures	325,000	0
Board of Commissioners of Public Lands		
Trust lands and investments; general program operations	60,800	60,800
Child Abuse and Neglect Prevention Board		
General program operations	35,700	35,700
Commerce		
WDF - administration of grants & loans	25,100	25,100
Auxiliary services	24,600	24,600
Safety and buildings operations	1,353,600	1,428,700

<u>Agency and Appropriation Title</u>	<u>Required Lapse Amount</u>	
	<u>2005-06</u>	<u>2006-07</u>
Health and Family Services		
Licensing and support services	\$250,000	\$250,000
Interagency and intra-agency program	151,800	278,300
Insurance		
General program operations	1,538,300	3,038,300
Justice		
Legal services interagency and intra-agency assistance	133,100	133,100
Office of State Employment Relations		
Services to non-state governmental units	\$15,000	\$0
Public Instruction		
Personnel certification; teacher supply; information and analysis; and teacher improvement	176,100	176,100
Regulation and Licensing		
General program operations	3,881,600	2,662,000
Revenue		
Administration of county sales and use taxes	164,000	169,000
Business tax registration	34,000	39,000
Debt collection	31,100	31,100
Administration of liquor tax	59,600	59,600
Reassessments	222,200	0
Reciprocity agreement and publications	145,100	100
Technical College System		
Services for district boards	<u>118,300</u>	<u>118,300</u>
TOTAL	\$25,595,700	\$8,529,800

The amounts listed in the table above were listed in the budget bill as passed by the Legislature in a session law provision that identified the amount of the required lapse for each agency and the specific appropriation or appropriations from which the indicated amount of monies were to be lapsed to the general fund. Under the provision, the Secretary of Administration was directed to lapse from each indicated appropriation the amounts by fiscal year as specified in the session law provision.

The Governor's partial veto of this portion of Section 9255 of the bill deletes all of the specific directed lapses that were contained in the bill as passed by the Legislature. By deleting words in this subsection, and by the use of the deletion or retention of individual digits and commas from various portions of this section that listed the individual lapses that were to be executed by the Secretary of Administration, the remaining words and individual digits (including commas) left the following language relative to this veto [Section 9255 (1)(a) only] in

the bill as enacted:

"Section 9255. Appropriation changes; other. (1) THE GENERAL FUND. (a) Appropriation lapses to the general fund. from appropriation accounts, the secretary of administration shall lapse to the general fund \$71,234,800."

The budget language as vetoed does not limit the appropriation accounts from which the Secretary is to lapse monies. However, in his veto message, the Governor indicated his intent to achieve this total lapse amount of \$71,234,800 by having the Secretary of Administration lapse to the general fund the amounts from each agency appropriation as indicated in the table above (a total of \$34,125,500) and to also make other anticipated lapses related to: (1) the elimination of certain attorney positions as provided for in the budget (\$724,900); (2) savings related to the Governor's Accountability, Consolidation and Efficiency initiative (\$35,500,000); and (3) another lapse related to land information funds (\$884,400). All of these lapse amounts were already included in the general fund condition statement of the bill as passed by the Legislature. Further, other vetoes by the Governor (Items A-4 and B-13) deleted specific session law language that was included in the bill as passed by the Legislature that would have required by law the transfer of those lapses to the general fund. The veto message indicated the Governor's further intent that lapses related to items (1) and (2) above will not be immediately assessed to state agencies but that subsequent guidance will be provided to state agencies with regard to these specific lapses.

[Act 25 Vetoed Sections: 9255(1)(title) and 9255(1)(a)]

ITEM E-2. TRANSFER FROM THE JOINT COMMITTEE ON FINANCE APPROPRIATION

As passed by the Legislature, Assembly Bill 100 provided a total of \$96,000,000 GPR (\$58,000,000 GPR in 2005-06 and \$38,000,000 GPR in 2006-07) in the Joint Committee on Finance appropriation reserved for supplementation of state agencies' GPR state operations appropriations. This funding was obtained by reducing each agency's largest GPR state operations appropriation by an amount equal to approximately 2.3% of the agency's total GPR state operations appropriations, excluding appropriations for energy costs and debt service payments, except for the Legislature where each individual GPR approximation was reduced by that percentage amount. The amount of reductions totaled \$50,002,200 in 2005-06 and \$50,002,000 in 2006-07. This total reduction amount, less \$4,004,200, was placed in the Committee's appropriation for possible future supplementation of these state agencies' budgets. Under the bill as passed by the Legislature, a session law provision would have been created which would have allowed the Joint Committee on Finance to supplement state agencies' GPR state operations appropriations in any amount up to the total reduction amount obtained via the 2.3% reduction. While the total reduction amount was taken against each agency's largest GPR state operations appropriation, under the bill a state agency that was subject to the reduction would have been allowed to submit a request to the Joint Committee on Finance under s. 13.10 of the statutes to allocate the 2.3% reduction amongst the agency's other GPR state operations appropriations or to submit a request to restore the funding reduction from these reserved funds in an amount not to

exceed the amount of the reduction made to the agency under this provision. In the case of a sum sufficient appropriation, the request would have been for the approval of a re-estimate to increase expenditure authority from that appropriation. The table below lists the reduction amount/maximum restoration amount for each agency, including an identification of the individual agency appropriation from which the 2.3% reduction was taken.

**Reduction Amount/Maximum Restoration Amount by Agency
2.3% Reduction Amounts**

<u>Agency</u>	<u>Appropriation Affected</u>	<u>2005-06</u>	<u>2006-07</u>
Administration	20.505 (1)(a)	\$232,500	\$235,100
Agriculture, Trade and Consumer Protection	20.115 (8)(a)	416,400	421,900
Arts Board	20.215 (1)(a)	7,400	7,500
Board on Aging and Long-Term Care	20.432 (1)(a)	19,900	20,200
Circuit Courts	20.625 (1)(a)	1,307,800	1,327,700
Commerce	20.143 (1)(a)	145,900	150,400
Corrections	20.410 (1)(a)	16,212,300	15,874,100
Court of Appeals	20.660 (1)(a)	195,900	198,900
District Attorneys	20.475 (1)(d)	904,300	918,400
Educational Communications Board	20.225 (1)(a)	101,700	103,200
Elections Board	20.510 (1)(a)	21,300	21,700
Employment Relations Commission	20.425 (1)(a)	54,200	55,000
Ethics Board	20.521 (1)(a)	6,400	6,500
Governor	20.525 (1)(a)	86,300	87,600
Health and Family Services	20.435 (2)(a)	4,904,300	4,939,500
Higher Educational Aids Board	20.235 (2)(aa)	20,300	20,300
Historical Society	20.245 (1)(a)	221,700	225,100
Judicial Commission	20.655 (1)(a)	5,500	5,600
Justice	20.455 (1)(a)	712,400	716,600
Legislature			
Assembly	20.765 (1)(a)	503,500	511,100
Senate	20.765 (1)(b)	350,500	355,800
Legislative Documents	20.765 (1)(d)	94,800	96,300
Retirement Committees	20.765 (2)(a)	1,400	1,400
Retirement Actuarial Studies	20.765 (2)(ab)	300	300
Revisor of Statutes	20.765 (3)(a)	19,900	20,200
Legislative Reference Bureau	20.765 (3)(b)	123,300	125,200
Legislative Audit Bureau	20.765 (3)(c)	118,700	120,600
Legislative Fiscal Bureau	20.765 (3)(d)	80,500	81,700
Legislative Council	20.765 (3)(e)	81,200	82,400
Legislative Technology Services Bureau	20.765 (3)(em)	78,700	79,900
Membership in National Associations	20.765 (3)(fa)	3,400	3,500

<u>Agency</u>	<u>Appropriation Affected</u>	<u>2005-06</u>	<u>2006-07</u>
Lieutenant Governor	20.540 (1)(a)	\$9,000	\$9,100
Military Affairs	20.465 (1)(a)	150,800	153,100
Natural Resources	20.370 (4)(ma)	723,100	733,100
Office of State Employment Relations	20.545 (1)(a)	108,200	109,800
Public Defender Board	20.550 (1)(c)	1,695,400	1,716,500
Public Instruction	20.255 (1)(a)	572,100	580,800
Revenue	20.566 (1)(a)	1,883,800	1,878,400
Supreme Court	20.680 (2)(a)	282,500	287,700
Technical College System	20.292 (1)(a)	75,500	76,600
Tourism	20.380 (1)(a)	78,900	77,700
University of Wisconsin System	20.285 (1)(a)	17,117,400	17,288,600
Veterans Affairs	20.485 (2)(c)	7,500	7,600
Workforce Development	20.445 (1)(a)	265,300	269,300
Total		\$50,002,200	\$50,002,000

The Governor's partial veto uses words left over from another partial veto of an unrelated section and a partial veto of the section containing the provisions summarized above to create alternative language specifying that the Secretary of Administration, not the Joint Finance Committee, shall (not may) transfer monies from the Committee's supplemental GPR appropriation to agencies in any amount not to exceed the amount of the reduction indicated for that agency in the above table. In the case of a sum sufficient appropriation, the Secretary would be required to re-estimate the expenditure level for that appropriation. The remaining language relative to this veto [Section 9155(2)(b) only] reads as follows:

"Section 9155. Nonstatutory provisions; other. (2) TRANSFER OF BALANCES. (b) the secretary shall In addition, from the appropriation under section 20.865 (4)(a) of the statutes, in the case of a sum sufficient appropriation reestimate expenditures from the appropriation, in an amount specified for that appropriation under this paragraph in that fiscal year or, in the case of a sum certain appropriation, make a transfer to the appropriation in an amount not to exceed the amount specified for that appropriation under this paragraph in that fiscal year: [Note: the agencies, amounts and appropriations as shown in the above table are then contained in the remainder of the retained language of this section]."

In his veto message, the Governor indicates his intent to authorize by this veto the Secretary of Administration to transfer funds from the Committee's appropriation back to the agencies in amounts not to exceed the amounts listed in the table above for individual agencies. Since only a total of \$96,000,000 GPR is available in this appropriation for this purpose, the Governor indicates his intent that for the portion of the reductions (\$4,004,200 GPR) for which no funding is available in the Committee's appropriation, the Secretary of Administration is directed to apportion, as quickly as possible, the remaining \$4 million reduction in a manner that minimizes the impact on critical services to Wisconsin citizens.

[Act 25 Vetoed Sections: 9155(4)(c)&(5dv)]

ITEM E-3. LIMIT ON EXPENDITURE OF GENERAL FUND REVENUES

As passed by the Legislature, Assembly Bill 100 would have created language specifying that, beginning in fiscal year 2007-08, the sum of state GPR appropriations, compensation reserves, and transfers to other funds, less estimated lapses from GPR appropriations, in any fiscal year may not exceed the amount of the total general fund revenues received by the state in the previous fiscal year as increased by the sum of: (a) the prior year percentage increase in the consumer price index (CPI); (b) the percentage increase in state population in the prior year; and (c) 1%. "General fund revenues" would have been defined as the sum of: (a) general fund tax receipts; (b) departmental revenues deposited in the general fund without being credited to a program revenue account; and (c) transfers to the general fund from other funds or from program revenue accounts. "Prior year growth in the consumer price index" would have been defined as the percentage change in the CPI between the calendar year in which the preceding fiscal year began and the calendar year in which the second preceding fiscal year began, but not less than zero. "Prior year growth in state population" would have been defined to mean the percentage change in the state's population between the calendar year in which the preceding fiscal year began and the calendar year in which the second preceding fiscal year began, but not less than zero.

As passed by the Legislature, the bill would also have changed the name of the budget stabilization fund to the "taxpayer protection fund." Further, the bill would have provided that any general fund revenues that were in excess of the amount that could be budgeted for expenditure under this limit provision would have to be deposited into the taxpayer protection fund. Monies in the taxpayer protection fund could only be appropriated out of the fund upon a recommendation from the Governor for such action and upon an affirmative vote of three-fourths of those voting in each house of the Legislature. The bill would also have provided that if the balance in the taxpayer protection fund at the end of a fiscal year exceeds 10% of the amount that may be budgeted for expenditure in that fiscal year under the limit provision, the amount in excess of 10% would have to be returned to taxpayers in the following fiscal year through a reduction in state income taxes in a manner as determined by the Legislature. Under the bill, an existing statutory provision requiring that any transfers of unanticipated general fund tax revenues to the budget stabilization fund as suspended once the balance in that fund reaches 5% of estimated general fund expenditures would have been repealed. ***The Governor's partial veto deletes these provisions including the repeal of the current law provision.***

[Act 25 Vetoed Sections: 10m, 15m, 17m, 65m, 66m, 68a, 68g, 68i, 68j, 81p, 85, 87d (as it relates to s. 16.896(3)), 126e, 126m, 137m, 140 (as it relates to s. 20.875 (title) and (2)(q)), 482m, 482n, 482p, 482r, 520m, 536, and 9255(2)]

ADMINISTRATION

ITEM E-4. ASSET SALES REPORTING DATES

As passed by the Legislature, Assembly Bill 100 would have required that no later than July 1, 2006, the DOA Secretary would have to review all holdings of state-owned real property for potential sale, except any property, facility, or institution the closure or sale of which is not authorized under the bill. The DOA Secretary, no later than October 1, 2006, would have been required to submit a report to the Secretary of the Building Commission containing an inventory of his or her recommendations and reasons to offer specified state properties for sale. DOA would be allowed to include property in the inventory with or without approval of the state agency having jurisdiction of the property. DOA would have authority to offer the property for sale, if, on or before June 30, 2007, the Building Commission votes to approve the sale of any property included in the inventory. These reporting and property sale requirements would not apply after June 30, 2007, although DOA could complete transactions after that date, if approved by June 30, 2007. ***The Governor's partial veto deletes the July 1, 2006, deadline for the DOA Secretary to review all holdings of state-owned real property for potential sale. In addition, the Governor's partial veto deletes the October 1, 2006, deadline for the DOA Secretary to submit the report containing an inventory of the properties recommended for sale.***

[Act 25 Vetoed Sections: 9101(4)(a)1&(b)]

ITEM E-5. VACANT ATTORNEY POSITIONS

As passed by the Legislature, Assembly Bill 100 would have directed the Secretary of DOA to eliminate 13.0 attorney positions in executive branch state agencies, other than at the University of Wisconsin System, the Department of Employee Trust Funds, and the Investment Board, that become vacant before June 30, 2007, and lapse or transfer to the general fund at least \$724,900 in 2006-07 from associated non-FED salary and fringe benefits amounts. If fewer than 13.0 agency attorney positions become vacant by June 30, 2007, the bill would have authorized the Secretary of DOA to eliminate sufficient additional attorney positions, other than at the University of Wisconsin System, the Department of Employee Trust Funds, and the Investment Board, so that a total of 13.0 state agency attorney positions would be eliminated. ***The Governor's partial veto deletes the University of Wisconsin System from the enumeration of executive branch state agencies that are exempt from the potential reduction of attorney positions.***

[Act 25 Vetoed Section: 9155(1w)]

ITEM E-6. SALE OF STATE-OWNED HEATING, COOLING AND WASTEWATER TREATMENT FACILITIES

As passed by the Legislature, Assembly Bill 100 would have required DOA to do one of the following with respect to each state-owned power plant and wastewater treatment facility by April 1, 2007: (a) sell the plant or facility; or (b) contract with a private entity for the operation of the plant or facility. The bill would have specified that if there was any outstanding debt on the plant or the facility, the DOA must deposit a sufficient amount of the net proceeds from the sale of the property in the bond security and redemption fund to repay the principal and pay the interest on the debt, and any premium due upon refunding of the debt.

Assembly Bill 100 would have required any contract with a private vendor for the operation of a plant or facility to specify that the contractor offer employment to those employees who performed services at the state-owned power plants or wastewater facilities and whose positions were terminated.

On April 1, 2007, the bill would have deleted the following 270.92 positions in state agencies associated with the operation of these plants or facilities: (a) in DOA: 23.25 PR positions; (b) in the Department of Corrections: 20.25 GPR and 24.0 PR positions; (c) in the Department Health and Family Services: 41.0 PR positions; (d) in the Department of Public Instruction: 10.0 GPR positions; (e) in the Department of Veterans Affairs: 6.0 PR positions; and (f) in the University of Wisconsin System: 146.42 GPR positions.

The bill would have directed DOA to transfer the remaining budgeted salary and fringe benefits amounts associated with these deleted positions to unallotted reserve to fund agency costs relating to the provision of utility services and to notify the Joint Committee on Finance by May 1, 2007, of the amounts transferred.

The bill would have specified that the sale of any state-owned power plant or wastewater treatment facility to a regulated utility would not be subject to review or approval by the Public Service Commission.

Beginning April 1, 2007, Assembly Bill 100 would have deleted references to the following statutory provisions related to state operations of power plants and wastewater treatment facilities: (a) provisions under current energy cost appropriations that authorize agencies to use funds in those appropriations to pay certain DOA administrative charges for the operation of a state-owned power plant; (b) the Building Commission's duties related to design considerations of power plants to use bio-mass fuels and refuse-derived fuels; (c) DOA's authority to approve the appointment of the chief operating engineer of each power plant facility; and (d) DOA's responsibilities for preparing fuel specifications for all state-owned power plants and for approving the sale of fuel or utility services provided by a state-owned power plant. ***The Governor's partial veto deletes these provisions other than the elimination of 270.92 positions on April 1, 2007, which could not be restored through the exercise of the Governor's veto authority. The Governor's veto message indicates that the Secretary of DOA has been directed to pursue the***

restoration of these positions through procedures authorized under current law.

[Act 25 Vetoed Sections: 16m, 16n, 83m, 85g, 85r thru 87L, 163m, 167m, 172m, 193m, 286m, 288m, 364c, 384t, 413m, 795f, 9101(10v), and 9455(3w)]

ITEM E-7. LIMITATIONS ON REALE OF TELECOMMUNICATIONS SERVICES BY STATE AGENCIES

As passed by the Legislature, Assembly Bill 100 would have specified that state agencies may use telecommunications services, including data and voice over internet services, provided by or through DOA only for the agencies' own purposes. The bill would also have specified that an agency may not offer, resell, or provide telecommunications services, including data and voice over internet services, available from a private telecommunications carrier to the general public or to any public or private entity except pursuant to a consortium agreement in effect as of June 1, 2005, to provide services to member organizations.

Assembly Bill 100 would have specified that the Board of Regents of the University of Wisconsin System may use telecommunications services, including data and voice over internet services, which it procures only for the University's own purposes to fulfill its mission. The bill would also have specified that the Board of Regents may not offer, resell, or provide the telecommunications services, including data and voice over internet services, available from a private telecommunications carrier to the general public or to any public or private entity except pursuant to a consortium agreement in effect as of June 1, 2005, to provide services to member organizations.

The Governor's partial veto deletes the exception for consortium agreements in effect as of June 1, 2005, to provide services to member organizations. As a result of the veto, state agencies and the University of Wisconsin System Board of Regents may use telecommunications services, including data and voice over internet services, provided by or through DOA only for the agencies' or the Board's own purposes. Further, an agency or the Board may not offer, resell, or provide telecommunications services, including data and voice over internet services, available from a private telecommunications carrier to the general public or to any public or private entity.

[Act 25 Vetoed Sections: 94m and 695q]

ITEM E-8. VIDEO GAMING DEVICES AND PARI-MUTUEL RACE TRACK LICENSING

Chg to Enr AB 100	
PR-REV	\$561,200

As passed by the Legislature, Assembly Bill 100 would have authorized a licensee for the sponsorship and management of races on which pari-mutuel wagering is conducted to operate, subject to rules promulgated by DOA, video gaming devices that graphically display a facsimile of a dog or horse race that has previously been conducted at

another racetrack. The bill would have required that wagers associated with the video gaming devices conform to the requirements of a pari-mutuel wagering system as defined in law. DOA would have been required to promulgate emergency rules relating to the operation of the video gaming devices no later than the first day of the third month following the general effective date of the bill. The emergency rules could have been promulgated without having to meet the requirements that the rules are necessary for the preservation of public peace, health, safety or welfare, or that an emergency exists. ***The Governor's partial veto deletes these provisions.***

As passed by the Legislature, Assembly Bill 100 would have permanently repealed the simulcast racing and intertrack wagering provision that requires, effective January 1, 2007, that wagering on simulcast races must be conducted at a racetrack only as an adjunct to, and not in a manner that will supplant, wagering on live on-track racing at that racetrack, and that wagering on simulcast races must not be the primary source of wagering revenue at that racetrack. ***The Governor's partial veto deletes this provision.***

As passed by the Legislature, Assembly Bill 100 would have prohibited DOA from imposing a fee on a Wisconsin licensee for receiving simulcast races from out-of-state racetracks or simulcasting races to an out-of-state legal wagering entity (reducing state revenue by an estimated \$274,900 PR annually). The bill would have also created a single license category for: (a) the ownership and operation of a racetrack at which pari-mutuel wagering is conducted; and (b) the sponsorship and management of any race on which pari-mutuel wagering is conducted and which is not located at a fair. Finally, the bill would have provided that a license for a person operating a concession at a racetrack be subject to a maximum \$75 annual renewal licensing fee (reducing state revenue by an estimated \$5,700 PR annually). ***The Governor's partial veto deletes these provisions.***

[Act 25 Vetoes Sections: 1430m, 1430o, 2422b thru 2423o, 9101(9r), and 9401(2q)]

ITEM E-9. PAYMENT OF FISCAL YEAR 2004-05 MHEC MEMBERSHIP DUES

As passed by the Legislature, Assembly Bill 100 would have required DOA to pay up to \$82,500 PR in 2005-06 from the agency's materials and services to state agencies appropriation to fund the 2004-05 membership dues payments for the Midwest Higher Education Compact (MHEC). ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoes Section: 9101(10k)]

ITEM E-10. REQUIRED REPORTS ON INFORMATION TECHNOLOGY

As passed by the Legislature, Assembly Bill 100 would have created a nonstatutory provision directing DOA to report semiannually to the Joint Committee on Finance during the 2005-07 biennium relating to the lease of a new data center and the costs associated with additional hardware and software to increase the state's information technology (IT) processing

capacity in connection with the implementation of a proposed state government-wide business system. The bill would have specified that the report include: (a) the major stages and substages of the projects, including an assessment of need, design, implementation and testing stages and their major substages; (b) the scheduled, estimated and actual completion dates for each major stage and substage of the projects; (c) the budgeted amounts and amounts actually expended on each major stage and substage of the projects; and (d) an evaluation of the projects, including any problems encountered or risks associated with proceeding to the next stage of the project, if any. ***The Governor's partial veto deletes this provision.***

Assembly Bill 100 would have also created a nonstatutory provision specifying that any proposed acquisition of any IT resource related to the data center or the management information system project that DOA considers major or that is likely to result in a substantive change in service would be subject to review by the Joint Committee on Finance under a 14-day passive review process. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoes Sections: 9101(11k)&(12k)]

ITEM E-11. PENSION OBLIGATIONS LAPSES AND TRANSFERS

As passed by the Legislature, Assembly Bill 100 would modify the manner in which the agencies are assessed for debt service payments on the state's appropriation obligation bonds and how these funds are lapsed or transferred to the state's general fund. During the 2005-07 biennium, the DOA Secretary would determine the amount required to be lapsed or transferred to the general fund from each appropriation based on the amount each agency and appropriation would have been required to expend on the pension and accumulated sick leave conversion credit program liabilities had the bonds not been issued. The bill would provide that beginning in the 2007-09 biennium, the DOA Secretary would determine the amounts to be lapsed or transferred from each appropriation to the general fund based on the amount of current pension contributions made by each agency and appropriation. Under both provisions, the Department of Employee Trust Funds and the Investment Board would be excluded and the DOA Secretary would be required to exclude any appropriation where such a lapse or transfer would violate federal law or the federal or state constitution.

In a separate veto (Item A-4), the Governor's partial veto deletes the requirement that for the 2005-07 biennium the DOA Secretary determine the amount required to be lapsed or transferred to the general fund from each appropriation based on the amount each agency and appropriation would have been required to expend on the pension and accumulated sick leave conversion credit program liabilities had the bonds not been issued. This provision governing the 2005-07 biennium is vetoed with a few words and digits being retained to accomplish the unrelated veto involving an increase in funding for general school aids.

With the provision governing the calculation of these lapses and transfers for the 2005-07

biennium deleted in a separate veto, the Governor's partial veto modifies the section of the bill that would have applied beginning in 2007-09, to delete the following: (a) the requirement that the DOA Secretary first determine the total amount of Wisconsin Retirement System (WRS) contributions to be paid in a biennium and the percentage that each state agency appropriation makes up of these contributions; (b) the requirement that the DOA Secretary apply the percentage that each state agency appropriation makes up of the total WRS contributions to the total amount of principal and interest paid on the state pension obligation bonds during each fiscal biennium in order to determine the amounts to be lapsed or transferred to the general fund from each appropriation associated with the debt service on the bond; and (c) the requirement that these determinations be made beginning with 2007-09 biennium. As a result of the partial veto, the DOA Secretary is required to determine the total amount allocable to each state agency from which WRS contributions are paid and for each appropriation identified the Secretary would then apply the percentage calculated to the total amount to be paid during the fiscal biennium.

[Act 25 Vetoes Section: 79]

BUILDING COMMISSION

ITEM E-12. GENERAL FUND SUPPORTED BORROWING TARGET

As passed by the Legislature, Assembly Bill 100 would have required that in making recommendations for the building program, the Building Commission would seek to recommend that any increase in general fund borrowing not exceed an amount established as follows:

- a. set the amount equal to \$480 million for the 2007-09 biennium, and increased each biennium thereafter to reflect the estimated increase in costs of construction, as determined by the Commission;
- b. reduce the amount by any amount of bonding authorized under a prior building program or biennial budget, but that could not be issued until the biennium for which the biennial building program is being established; and
- c. reduce the amount of general fund supported bonding by the amount of such bonding included in the Governor's biennial budget recommendations for the biennium for which the building program is being established.

The Governor's partial veto deletes these provisions.

[Act 25 Vetoes Sections: 16p and 16r]

EMPLOYEE TRUST FUNDS

ITEM E-13. REQUIRED NONREPRESENTED STATE EMPLOYEE RETIREMENT CONTRIBUTIONS

As passed by the Legislature, Assembly Bill 100 would have prohibited the state from paying on behalf of the affected employee the first 1.5% of earnings that its nonrepresented classified and unclassified state employees, including University of Wisconsin faculty and academic staff, are required to pay as employee contributions to the Wisconsin Retirement System. The provision would have first applied to earnings paid to such employees on September 1, 2005.

As passed by the Legislature, Assembly Bill 100 would have required that the GPR-funded fringe benefits amounts budgeted for such contributions but offset by these employee contributions would lapse to the general fund. The bill would have specified that comparable program revenue funds offset by these employee contributions would lapse to the appropriate program revenue appropriation account and that comparable segregated funds offset by these employee contributions would lapse to the appropriate segregated fund. Under the bill, state savings of budgeted fringe benefit amounts were estimated at \$19.2 million in 2005-06 (\$8.7 million GPR and \$10.5 million other funds) and \$23.0 million in 2006-07 (\$10.4 million GPR and \$12.6 million other funds).

Finally, Assembly Bill 100 would have directed the Secretary of the Department of Administration (DOA) to determine for each state agency the amount that the agency is not required to spend as a result of this provision during the period that begins on September 1, 2005, and ends on June 30, 2007, and the amount from each appropriation from which the moneys would have been expended during that period, other than for FED appropriations.

The Governor's partial veto deletes these provisions. The Governor indicates in his veto message that he will request the DOA Secretary to use the allotment authority granted under s. 16.50 of the statutes "to prudently manage the allotment of funds in order to produce offsetting lapses during budget implementation."

[Act 25 Vetoed Sections: 737e, 737r, 9101(7k), and 9414(1k)]

REGULATION AND LICENSING

ITEM E-14. TRANSFER OF ALCOHOL AND OTHER DRUG ABUSE COUNSELOR CERTIFICATION

As passed by the Legislature, Assembly Bill 100 would have transferred certification requirements for alcohol and other drug abuse (AODA) counselors from the Department of Health and Family Services (DHFS) to the Department of Regulation and Licensing (R&L), effective January 1, 2006. Individuals currently holding the following certifications from DHFS on that date would have continued to be certified by R&L under one of the following specialist classifications: (a) a registered alcohol and drug counselor I would have been certified as a basic substance abuse counselor; (b) a certified alcohol and drug counselor II would have been certified as a intermediate substance abuse counselor; (c) a certified alcohol and drug counselor III or a certified alcohol and drug counselor-D would have been certified as a independent substance abuse counselor; (d) a certified registered clinical supervisor would have been certified as a basic clinical supervisor; (e) a certified clinical supervisor I would have been designated a certified intermediate clinical supervisor; (f) a certified clinical supervisor II or a certified clinical supervisor-G would have been designated a certified independent clinical supervisor; and (g) a certified prevention professional would have been designated a certified prevention specialist.

Assembly Bill 100 would not have applied these new and transitional certification provisions to a licensed physician who specializes in psychiatry, a licensed clinical social worker, or a licensed psychologist who practices as a substance abuse clinical supervisor or provides substance abuse counseling, treatment, or prevention services within the scope of his or her licensure.

Assembly Bill 100 would have directed R&L to promulgate rules establishing the minimum standards and qualifications for certification under each of the above seven specialist categories. The bill would have specified that the rules include standards based on demonstrated requisite competency, knowledge, skills, and attitudes of professional practice that are culturally competent and evidence-based. The Department would have been prohibited from promulgating these rules until it had consulted on the proposed rules with a certification review committee, a majority of whose members must represent alcohol and other drug abuse organizations in Wisconsin, as recommended by the Wisconsin Association on Alcoholism and Other Drug Abuse, Inc.

The Governor's partial veto deletes from the exemption from AODA certification requirements the references to licensed physicians "who specialize in psychiatry." The effect of the veto is to extend the exception from these new AODA certification requirements to all physicians licensed by R&L, thereby authorizing them to provide substance abuse counseling within the scope of their medical practice.

The Governor's partial veto deletes the requirement that the certification review

committee, which must review R&L's draft AODA certification rules, be comprised of a majority of members representing AODA organizations in Wisconsin, as recommended by the Wisconsin Association of Alcoholism and Other Drug Abuse, Inc.

Finally, the Governor's partial veto strikes "January 1" from the January 1, 2006, general effective date for the transfer of these AODA certification modifications. As a result of the Governor's partial veto, the general effective date for the transfer will take effect "on 2006." The Governor's veto message indicates that the month and date were struck to provide R&L with additional time to make the transfer.

[Act 25 Vetoes Sections: 2337am, 9121(12s), and 9421(10q)]

VETERANS AFFAIRS

ITEM E-15. OPERATIONAL EFFICIENCY CONSULTANT

Chg to Enr AB 100	
PR	-\$200,000

As passed by the Legislature, Assembly Bill 100 would have provided \$200,000 PR in 2005-06 for the Department of Veterans Affairs to hire a consultant to determine how the Veterans Homes at King and Union Grove can operate more efficiently. ***By deleting the 2005-06 PR appropriation for the Department's institutional operations (\$55,698,900) and writing in a smaller amount for the appropriation (\$55,498,900), the Governor's partial veto deletes funding for this item. In his veto message, the Governor indicates that he is requesting the DOA Secretary not to allot these funds.***

[Act 25 Vetoes Section: 140 (as it relates to s. 20.485(1)(gk))]

TAX

GENERAL FUND TAXES

ITEM F-1. INDIVIDUAL INCOME TAX EXCLUSION FOR SOCIAL SECURITY BENEFITS

Chg to Enr AB 100 GPR-REV \$12,000,000
--

As passed by the Legislature, Assembly Bill 100 would have phased in a full income tax exclusion for social security benefits over three years, starting with tax year 2007. The phase-in would have been implemented by reducing the currently taxable share of social security benefits by 30% in tax year 2007, 60% in tax year 2008, and 100% in tax year 2009 and thereafter. It was estimated that, in the 2005-07 biennium, this provision would have reduced state tax revenues from the individual income tax by \$12,000,000 in 2006-07. In addition, it was projected that individual income tax revenues would have been reduced by the following amounts in subsequent years: \$41,800,000 in 2007-08, \$75,600,000 in 2008-09, and \$99,700,000 in 2009-10 and annually thereafter. The estimates are in 2006-07 dollars.

The Governor's partial veto deletes the three-year phase-in of a full exclusion for social security benefits, which would have started in 2007, and provides, instead, a full exclusion for social security benefits starting in tax year 2008. Compared to AB 100, as passed by the Legislature, the partial veto is estimated to increase individual income tax revenues by \$12,000,000 in 2006-07, and to reduce income tax revenues by \$4,100,000 in 2007-08 and \$24,100,000 in 2008-09.

[Act 25 Vetoed Sections: 1286hm thru 1286jm]

ITEM F-2. PRIVATE SCHOOL AND HOMESCHOOL TAX CREDIT

Chg to Enr AB 100 GPR - \$14,600,000
--

As passed by the Legislature, Assembly Bill 100 would have created a refundable individual income tax credit of \$100 per eligible pupil enrolled in kindergarten or grades one to twelve at an eligible private school (excluding a school funded by the Milwaukee Parental Choice program) or home-based private educational program if the pupil was a dependent of the claimant under the section of the Internal Revenue Code related to personal exemptions. The credit would have first applied to tax year 2006. A new sum sufficient, annual GPR appropriation would have been created to pay for the refundable income tax credit, which was estimated to cost \$14,600,000 annually, starting in

2006-07. *The Governor's partial veto deletes these provisions.*

[Act 25 Vetoed Sections: 140 (as it relates to 20.835(2)(eo)), 451u, 1311p, 1312m, 1312u, and 9341(10p)]

ITEM F-3. ADOPTION EXPENSES CREDIT

Chg to Enr AB 100	
GPR-REV	\$5,300,000

As passed by the Legislature, Assembly Bill 100 would have eliminated the current state income tax deduction for adoption expenses for tax years that begin after December 31, 2005, and provided, instead, a nonrefundable state adoption expenses credit, beginning in tax year 2006.

Current state law allows an individual income tax deduction for adoption fees, court costs, or legal fees relating to the adoption of a child for whom a final order of adoption has been entered in a Wisconsin court during the taxable year. The maximum amount that may be deducted is \$5,000, and the deduction is available for amounts expended during the period that consists of the year to which the claim relates and the prior two taxable years. The deduction is only allowed for full-year residents who are adoptive parents.

For tax year 2005, federal law allows taxpayers to claim an individual income tax credit of up to \$10,630 for qualified adoption expenses for each eligible child. Taxpayers who adopt a child with special needs may claim an adoption credit of \$10,630 regardless of actual expenses paid or incurred in the year the adoption becomes final. The credit is phased out for taxpayers with modified adjusted gross income (AGI) over \$159,450, and no credit is allowed to taxpayers with a modified AGI of \$199,450 or more. The amount of qualified adoption expenses and the modified AGI amount for the purpose of phasing out the adoption credit are adjusted for inflation each year. The credit is not refundable, but unused credits may be carried forward for up to five years to offset future tax liabilities.

As passed by the Legislature, AB 100 would have created a state adoption tax credit available to individuals who are eligible for, and claim, the federal tax credit for adoption expenses. The credit would have been allowed for qualified adoption expenses to the extent that those expenses exceed the amount of the credit for which a claimant is eligible, and claims, under the federal credit in the year to which the claim relates. In addition, the provision would have specified that the amount claimed for the state credit could not exceed \$5,000, but that unused credits could be carried forward for up to five years to offset future income tax liabilities. It was estimated that these provisions would have reduced individual income tax revenues by \$5,300,000 in 2006-07 and by \$7,500,000 in 2007-08 and annually thereafter.

The Governor's partial veto deletes these provisions.

[Act 25 Vetoed Sections: 1286Lm, 1311ia, 1312o, and 9341(4k)]

ITEM F-4. HEALTH SAVINGS ACCOUNTS

Chg to Enr AB 100
GPR-REV \$7,500,000

As passed by the Legislature, Assembly Bill 100 would have updated state tax references to the federal Internal Revenue Code in order to conform to federal individual income tax exclusions and deductions for health savings accounts (HSAs) as provided under the 2003 Medicare Prescription Drug, Improvement, and Modernization Act (MPDIMA), effective with tax year 2005.

Under the federal HSA provisions, which took effect on January 1, 2004, an eligible individual covered by a high-deductible health insurance plan may make pre-tax contributions to an HSA to cover qualified medical care expenses. Contributions to HSAs may be deducted from gross income in the determination of adjusted gross income, and are limited to the lesser of: (a) 100% of the annual deductible for the high-deductible health plan; or (b) the maximum deduction permitted under a Medical Savings Account (MSA). For 2005, the general limits are \$2,650 for individuals and \$5,250 for families. The limits are adjusted annually for inflation and are coordinated with those for Archer Medical Savings Accounts; contributions to an HSA or an MSA reduce the annual contribution limit for the other type of health account. Individuals who reach age 55 by the end of the tax year may increase their contributions by \$600 for 2005, \$700 for 2006, \$800 for 2007, \$900 for 2008, and \$1,000 for 2009 and thereafter. Contributions may not be made, however, after a participant becomes eligible for Medicare. Excess contributions are subject to a federal excise tax, generally equal to 6% of the cumulative amount of excess contributions that are not distributed from the health account to the contributor.

An individual's employer may also make contributions to an HSA on behalf of an eligible individual. If an employer makes such contributions, the employer must make available comparable contributions on behalf of all employees with comparable health insurance coverage during the same period. If employer contributions do not satisfy the comparability rule, then the employer is subject to a federal excise tax equal to 35% of the aggregate amount contributed by the employer to health accounts for that period. If an employer makes contributions to an HSA, the contribution limits described above apply to the aggregate amounts contributed on behalf of the employee. In such a case, the amount contributed by the employer would be excluded from the employee's gross income (and associated unemployment and withholding taxes), and the amount contributed by the employee would be deducted from income on the individual income tax return.

Earnings on HSAs accumulate on a tax-free basis. Distributions from an HSA are not subject to tax to the extent that they are used to pay for qualified medical expenses of the account beneficiary. HSA distributions may not be used to purchase health insurance. Any distributions not used to pay the qualified medical expenses of the account beneficiary are included in federal gross income. Federal law also imposes a penalty of 10% on such distributions. However, the federal penalty does not apply if the distributions are made after the account beneficiary becomes eligible for hospital insurance under Medicare or becomes disabled or dies.

Individual eligibility for an HSA is determined on a monthly basis. To be eligible, on the

first of the month, the individual must be covered by a high-deductible health plan and must also not be covered by a plan that is not a high-deductible health plan.

MPDIMA allows taxpayers 60 days to roll over funds from an MSA to an HSA.

Similar to all HSA distributions, distributions after an account holder attains the age of 65 are tax-free if used to pay for qualified medical expenses and taxable if used for nonqualified purposes. However, an account holder who is 65 or over who uses an HSA distribution for nonqualified purposes is not subject to the 10% penalty that generally applies to nonqualified distributions from an HSA.

It was estimated that the HSA provisions would have reduced state tax revenues from the individual income tax by \$3,500,000 in 2005-06 and by \$4,000,000 in 2006-07.

The Governor's partial veto deletes the state HSA provisions.

[Act 25 Vetoed Sections: 1432m, 1450g, and 9341(5m)]

ITEM F-5. SALES TAX ON SERVICES PROVIDED BY TEMPORARY HELP COMPANIES

As passed by the Legislature, Assembly Bill 100 would have created an exemption from the sales and use tax for charges for services provided by a temporary help company if the client for whom the services are provided controls the means of performing the services and is responsible for the satisfactory completion of the services. This provision would have taken effect on July 1, 2007, and was estimated to reduce sales and use tax revenues by \$4,200,000 annually in 2007-08 and thereafter (in 2006-07 dollars). ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Sections: 1632n and 9441(7w)]

ITEM F-6. INDIVIDUAL AND CORPORATE INCOME AND FRANCHISE AND INSURANCE PREMIUMS TAX CREDIT FOR HIRSP ASSESSMENTS

Chg to Enr AB 100
GPR-REV \$2,000,000

As passed by the Legislature, Assembly Bill 100 would have created a nonrefundable credit under the insurance premiums tax, the corporate and individual income and franchise taxes, and the tax on investment income paid by life insurance companies equal to a percentage of the amount of assessments paid by an insurer during the taxable year under the health insurance risk sharing plan (HIRSP). DOR, in consultation with the Office of the Commissioner of Insurance, would have been required to determine the credit percentage for each year so that the annual cost of the credit was as close as practicable to \$2,000,000 in the 2006-07 fiscal year, and \$5,000,000 in each fiscal year thereafter. Unused credits could have been carried forward

fifteen years to offset future tax liabilities. The credit would have first applied to tax years beginning on January 1, 2006. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Sections: 1311i, 1312r, 1319m, 1354m, 1385h, 1385p, 1386m, 1406m, 1428k, 1428p, 1474q, 1474s, and 1686f]

ITEM F-7. WITHHOLDING FROM NONRESIDENT MEMBERS OF PASS-THROUGH ENTITIES -- TECHNICAL VETO

As passed by the Legislature, Assembly Bill 100 requires partnerships, limited liability companies (LLCs), tax-option corporations, and estates or trusts that are treated as pass-through entities for federal income tax purposes and that have Wisconsin income for the tax year that is allocable to a nonresident partner, nonresident member, nonresident shareholder, or nonresident beneficiary to pay withholding taxes, effective with tax year 2005. A nonresident is defined as: (a) an individual not domiciled in the state; or (b) a partnership, LLC, or corporation whose commercial domicile is outside the state; or (c) an estate or trust that is nonresident under state law. The amount of withholding is equal to the partner's, member's, shareholder's, or beneficiary's share of income attributable to Wisconsin multiplied by: (a) the highest state individual income tax rate for the taxable year for a single individual (6.75%), if the recipient is an individual, estate, or trust; or (b) the highest corporate tax rate (7.9%) for the taxable year for a partnership, LLC, or tax-option corporation. Members of pass-through entities that are also pass-through entities would be subject to the same withholding requirements. ***The Governor's partial veto makes a technical correction to these provisions to clarify that the withholding requirements apply to all nonresidents who are members of pass-through entities.***

[Act 25 Vetoed Section: 1431]

ITEM F-8. DEFINITION OF TAXABLE SALES -- TECHNICAL VETO

As introduced by the Governor, Assembly Bill 100 would have modified state statutes to conform to the Streamlined Sales and Use Tax (SSUT) Agreement, which is the product of a multi-state initiative intended to establish more uniform sales tax systems among states in order to ease the administrative burden for multi-state retailers. The Legislature deleted the SSUT provisions. ***The Governor's partial veto deletes a provision related to the SSUT provisions that should have been deleted from the enrolled bill.***

[Act 25 Vetoed Section: 1518m]

REVENUE

ITEM F-9. LOTTERY VENDING MACHINE PLACEMENTS

As passed by the Legislature, Assembly Bill 100 would have directed DOR to place lottery vending machines in the airport terminals located in Appleton, Green Bay, La Crosse, Madison, and Milwaukee, and in the Amtrak train stations in Milwaukee, subject to the approval of each airport's or train station's administration agency and the availability of qualified lottery retailers at the airport or train station locations. ***The Governor's partial veto deletes this provision.***

[Act 25 Vetoed Section: 2423v]

SHARED REVENUE AND TAX RELIEF

ITEM F-10. SCHOOL LEVY TAX CREDIT

As passed by the Legislature, Assembly Bill 100 would have increased the school levy tax credit from \$469,305,000 annually to \$519,305,000 annually, beginning in 2007. This \$50,000,000 increase in the credit would have first applied to property taxes levied in December, 2006 (payable in 2007). Since the school levy tax credit is paid in July, the \$50,000,000 annual increase would have first affected appropriations in 2007-08, the first year of the 2007-09 biennium, so this change would have had no fiscal effect in the 2005-07 biennium. ***The Governor's partial veto modifies the increased credit from \$519,305,000 annually to \$593,050,000 annually, beginning in 2007. This is accomplished by striking selected digits and words from the phrase "and \$519,305,000 in 2007 and in each year thereafter." to produce the phrase "and \$59,305,000 in each year thereafter." Under this partial veto, the credit increase goes from \$50,000,000 to \$123,745,000, an increase of \$73,745,000 from the amount passed by the Legislature. As described above, this will first affect appropriations in 2007-08, so the Governor's action has no fiscal effect in the 2005-07 biennium.***

[Act 25 Vetoed Section: 1717]

ITEM F-11. LEVY LIMIT FOR COUNTIES AND MUNICIPALITIES

As passed by the Legislature, Assembly Bill 100 would have prohibited any city, village, town, or county from increasing its total levy in 2005 (payable in 2006), 2006 (payable in 2007), and 2007 (payable in 2008) by more than a percentage equal to the percentage change in the local government's January

Chg to Enr AB 100	
PR-REV	- \$1,022,200
PR	- \$1,022,200

1 equalized value due to new construction, less improvements removed, between the previous year and the current year, but not less than zero, unless additional increases were approved through the passage of a referendum. Adjustments to the limits would be allowed in certain instances, including for certain debt service. As passed, an adjustment would be allowed for debt service needed for debt authorized before July 1, 2005, by a resolution of the local government and an exclusion from the limit would have been allowed for general obligation debt service for debt authorized on or after July 1, 2005, by a referendum. Local governments that exceed their allowable levy would have their county and municipal aid payment for the following year reduced by a corresponding amount (for example, an excess levy in 2005(06) would result in an aid penalty in 2006) and the excess levy would be excluded from the base used to establish the following year's limit. ***The Governor's partial veto deletes the sunset established by the Legislature and, instead, by vetoing several unrelated bill sections [Sections 1254m (also vetoed by Item B-13), 1257, 1258, 1258m (also vetoed by Item F-12), 1259, and 1260b (also vetoed by Item F-12)] and all of Section 1260c (also vetoed by Item F-12) except for the date "January 1, 2007" establishes a sunset date of January 1, 2007. Therefore, as vetoed, the limit would apply to the 2005(06) and 2006(07) levies, but not to the 2007(08) levy. The Governor's partial veto modifies the allowable levy increase by deleting the word "zero" and striking all but the numeral "2" from the phrase "(2) LEVY LIMIT.", thereby creating the phrase "but not less than 2" and establishing a minimum allowable levy increase of 2%. If the net new construction percentage exceeds 2%, the allowable levy increase would equal the net new construction percentage. The Governor's partial veto modifies the exclusion for debt service on general obligation debt authorized on or after July 1, 2005, by a referendum by striking the phrase "by a referendum", thereby extending the exclusion to any general obligation debt service authorized by the local government on or after July 1, 2005, without regard to how it was authorized. Since the aid penalty associated with an excess levy for 2006(07) would occur in either July or November of 2007 and the Department of Revenue may not know whether an excess levy occurred until after January 1, 2007, it appears that the sunset date created by the Governor's veto could preclude the imposition of any penalty for excess levies occurring in 2006(07). This possibility is not addressed in the Governor's veto message. (The enrolled bill would also limit the state forestry mill tax levy to an annual increase of no more than 2.6% for each of the next three years. The three-year reduction for the forestry mill tax would be retained under the act.)***

As passed by the Legislature, Assembly Bill 100 would have increased the fee assessed for issuing birth certificates from \$12 to \$15, and specified that \$9, instead of \$7 under current law, would be transferred to the Child Abuse and Neglect Prevention (CANP) Board to support grants. The bill would also have increased from \$5 to \$15 the fee for issuing a birth certificate when the birth certificate is filed more than 365 days after the birth and would have clarified that \$9 of the \$15 fee would be forwarded to the CANP Board. Under the bill, the increased birth certificate fees would have provided revenue increases estimated to be \$606,300 in 2005-06 and \$727,600 in 2006-07, of which approximately \$404,100 in 2005-06 and \$485,000 in 2006-07 would be forwarded to the CANP Board to support grants, and \$60,500 in 2005-06 and \$72,600 in 2006-07 would be forwarded to the Department of Health and Family Services (DHFS) to be applied toward the on-line vital records filing system. The remaining additional revenue from these fee increases would be retained by the agency that issued the birth certificate, either DHFS or counties. ***The Governor's partial veto deletes the fee increase and related allocations to the***

CANP Board as part of the method used to create a different sunset date for county and municipal levy limits. Although the Governor's veto did not write down these appropriations, the effect of the veto is a decrease in revenues to both DHFS and the CANP Board.

As passed by the Legislature, Assembly Bill 100 would have included a cross reference change under the definition of the charter sport fishing boats property tax exemption to reflect a renumbering related to changes to inland lake trout fishing licenses made under the bill. ***The Governor's partial veto deletes this cross reference change as part of the method used to create a different sunset date for county and municipal levy limits. Due to this veto, the definition of the charter sport fishing boats property tax exemption will refer to a nonexistent definition of rivers and tributaries.***

[Act 25 Vetoed Sections: 1251c, 1254m, 1257, 1258, 1258m, 1259, 1260b, 1260c, and 9435(4) (as it relates to charter sport fishing boats)]

ITEM F-12. SHARED REVENUE UTILITY AID -- DISTRIBUTION FORMULA

As passed by the Legislature, Assembly Bill 100 would have made the following changes to the shared revenue utility aid formula and the property tax treatment of utility property: (a) discontinued the nine-mill utility aid payments on production plants that began operation prior to 2004 and, instead, authorized capacity-based aid payments for those plants, if this results in a higher payment, effective with 2007 shared revenue payments; (b) extended the property tax to general structures owned by light, heat, and power companies, effective with property assessed as of January 1, 2007, and to substations, other than transmission substations, owned by light, heat, and power companies, effective with property assessed as of January 1, 2008; (c) authorized light, heat, and power companies to claim a credit against their gross revenues-based license fee equal to the amount of property taxes paid on general structures and substations; (d) deleted value-based aid payments for general structures in 2008 and for substations in 2009; (e) required the Department of Revenue to value general structures and substations and to convene a study group to assess the feasibility and desirability of extending the property tax to the distribution property of light, heat, and power companies, electric cooperatives, and municipal utilities; (f) modified current impact fees for high-voltage transmission lines to base them on the net book value, rather than the original cost, of the lines; and (g) provided that mitigation payments made in accordance with the terms of an agreement would be recoverable in rates if the Public Service Commission received the agreement before June 10, 2003, and did not determine that it was unreasonable before November 11, 2003. These provisions would not have had a fiscal effect in the 2005-07 biennium, but would have increased state aid payments beginning in 2007-08 and reduced state utility tax revenues beginning in 2008-09. ***The Governor's partial veto deletes these provisions, except that the date "January 1, 2007" in Section 1260c is retained (and Sections 1258m and 1260c are also deleted) as part of the method that Item F-11 uses to create a different sunset date for county and municipal levy limits.***

[Act 25 Vetoed Sections: 93m, 1258m, 1260b, 1260c, 1260p, 1260q, 1260t, 1473b, 1473d, 1473e, 1474p, 1705b, 1705c, 1705d, 1705e, 1705f, 1705g, 2097m, 2097n, 2098m, and 9141(1n)]