



STATE OF WISCONSIN
Assembly Journal
 Ninety–Third Regular Session

MONDAY, October 13, 1997

The Chief Clerk makes the following entries under the above date:

AMENDMENTS OFFERED

Assembly amendment 1 to **Assembly Bill 340** offered by committee on **Rural Affairs**.

SPEAKER'S APPOINTMENTS

September 30, 1997

Representative Carol Kelso
 Room 8 West, State Capitol
 Madison, WI 53702

Dear Carol:

It is my pleasure as Speaker of the Assembly to appoint you as my designee to serve as Co–Chairperson of the Joint Legislative Council.

This appointment is effective immediately.

Sincerely,
BEN BRANCEL
 Assembly Speaker

EXECUTIVE COMMUNICATIONS

State of Wisconsin
 Office of the Governor
 Madison

October 11, 1997

To the Honorable the Legislature:

The following bill(s), originating in the Senate or the Assembly, have been approved, signed and deposited in the office of the Secretary of State:

<u>Bill Number</u>	<u>Act Number</u>	<u>Date Approved</u>
AB 100 (partial veto) 27	October 11, 1997

Sincerely,
TOMMY G. THOMPSON
 Governor

COMMUNICATIONS

State of Wisconsin
 Office of the Secretary of State
 Madison

To Whom It May Concern:

Acts, Joint Resolutions and Resolutions deposited in this office have been numbered and published as follows:

<u>Bill Number</u>	<u>Act Number</u>	<u>Publication Date</u>
Assembly Bill 520	14	October 10, 1997
Assembly Bill 521	15	October 10, 1997
Assembly Bill 522	16	October 10, 1997
Assembly Bill 523	17	October 10, 1997
Assembly Bill 524	18	October 10, 1997
Assembly Bill 525	19	October 10, 1997
Assembly Bill 526	20	October 10, 1997
Assembly Bill 527	21	October 10, 1997
Assembly Bill 528	22	October 10, 1997
Assembly Bill 529	23	October 10, 1997
Assembly Bill 530	24	October 10, 1997
Assembly Bill 531	25	October 10, 1997
Assembly Bill 534	26	October 10, 1997
Assembly Bill 100	27	October 13, 1997

Sincerely,
DOUGLAS LA FOLLETTE
 Secretary of State

GOVERNOR'S VETO MESSAGE

State of Wisconsin
 Office of the Governor
 Madison

October 11, 1997

To the Honorable Members of the Assembly:

I have approved **Assembly Bill 100** as **1997 Wisconsin Act 27** and deposited it in the Office of the Secretary of State.

The budget bill is the most important piece of legislation enacted in each legislative session. It is the largest bill, it receives the most debate and it affects all citizens, businesses and local governments. The taxing and spending decisions made in the budget bill will have an impact far into the future. I am confident that this budget makes a wise investment in our future.

The Legislature is to be commended for its hard work and bipartisanship in passing a budget. Wisconsin has waited a long time for this budget bill to be passed but the end product is good. The bill reduces and then permanently restrains the growth of state income taxes, continues our commitment to lower property taxes and makes responsible spending decisions within our ability to pay. The budget advances education and training programs to give all of our citizens the opportunity to succeed and enhances our environment.

While the product of the budget deliberations was a good one, the process itself needs improvement. Nearly 500 days elapsed from the time budget instructions were sent to state agencies in May of 1996 until the signing of the budget bill in October 1997. The bill itself was not passed by the Legislature until 91 days after the last budget ended. The debate dragged on so long that the budget outlook changed several times during the process. Since agencies prepared their 1997-99 budget requests, revenue estimates have been revised upward on three different occasions, school aid estimates have been revised upward twice, a major lawsuit against the state was settled and the Congress and the President agreed to major federal budget changes. All these events complicated a process that is difficult enough under normal circumstances. I challenge the Legislature to pass the next budget by June 30, 1999.

The budget I am signing appropriates \$18.6 billion in fiscal year 1997-98 and \$18.8 billion in fiscal year 1998-99, for a total of \$37.4 billion in the biennium. This budget represents annual appropriation increases from all fund sources of 8.4% in fiscal year 1997-98 and 1.1% in fiscal year 1998-99, or an increase in the second year over the base year of 9.5%. Appropriations of general purpose revenue are set at \$9.8 billion in fiscal year 1997-98 and \$9.9 billion in fiscal year 1998-99, for a total of \$19.7 billion GPR in the biennium. The GPR appropriations represent increases of 6.5% in fiscal year 1997-98 and 1.6% in fiscal year 1998-99, or an increase in the second year over the base year of 8.2%. Almost all of the increase in GPR spending is accounted for by three major items: settlement of the Special Investment Performance Dividend lawsuit (\$215 million); increases in school aid funding; and increases in funding for the correctional system.

The budget bill continues the commitment we made to provide meaningful property tax relief. Property taxes on December 1997 tax bills are expected to drop for the second consecutive year, with taxes reduced by 1.2% on a home at the median value of \$93,300. The budget also provides tax relief that our citizens deserve in a number of other ways, including substantial income tax cuts.

The combined effect of the tax cuts in the last two budgets is dramatic. The total state and property tax burden on Wisconsin citizens is now at its lowest level in 15 years when measured as a percentage of personal income. By the end of this biennium, the total state and property tax burden will have dropped in just five years from 12.1% of personal income in 1993-94 to 11.3% of personal income in 1998-99.

The budget bill I am signing has a total of 152 vetoes. A number of these vetoes are technical in nature or needed to correct drafting problems. The budget bill also contained over 130 new directives requiring agencies to prepare reports,

studies or plans for the Legislature or Joint Finance Committee, or perform certain activities before funding is made available to the agencies. I vetoed the most burdensome of these new reporting requirements because most state agencies have seen their funding reduced in this budget, on top of the reductions in the last budget. Adding new workload demands at a time when budgets are further constrained interferes with the ability of agencies to provide basic services to citizens. I believe there are far too many legislative directives in the budget since the day to day management of state agencies is the responsibility of the executive branch of government.

I did not feel it was appropriate to use my veto power to eliminate any of the various budget reductions that the Legislature proposed for District Attorney offices, but the reductions are too severe and will harm prosecution efforts in all counties of the state. Instead, I will seek to have separate legislation introduced to restore the cuts made to the budget for District Attorney offices to ensure that DA offices around the state can operate effectively.

The partial vetoes I am executing will improve the general fund's ending balance by \$20.5 million. The savings from vetoes are important to maintain adequate budget reserves for the management of state government.

The highlights of this budget include the following:

Tax Relief

- Reduces individual income tax rates by 1% in tax year 1998 and indexes the standard deduction and income tax brackets for changes in inflation beginning in tax year 1999.
- Creates a credit designed to eliminate any remaining tax liability for working families with incomes below \$9,000 for a single filer or \$18,000 for married filers.
- Increases the married couple credit over a four-year period beginning in tax year 1998, with the maximum credit increasing from the current level of \$300 to \$420 by 2001.
- Restores the lottery credit as a credit to all parcels of real and personal property. Under this proposal, the average credit is expected to be \$84 on the December 1997 tax bills.
- Funds an increase in the school levy credit of \$150 million beginning in FY98 as the final component in achieving two-thirds state funding of school costs beginning in the 1996-97 school year.
- Continues the state's commitment to property tax relief. When the state first achieved two-thirds state funding of school costs, the owner of a median value home saw a \$121 reduction in his or her property taxes on the December 1996 tax bill. Under this bill, this same homeowner will receive an additional \$25 reduction on the December 1997 tax bill.
- Specifies that any increase above \$20 million in the general fund's expected balances be used to eliminate delays in school aid payments.

- Provides the Department of Revenue with additional funding and positions to improve service to taxpayers and enhance the fairness of our tax collection system.

Economic Development and Transportation

- Improves highway safety and enhances economic development by increasing state and federal support for highway construction projects and local transportation aids by over \$120 million annually.
- Establishes a new \$5 million county road improvement program and increases existing local road improvement funding by over 42% to focus transportation resources on critical infrastructure projects.
- Increases local transportation aids by over 11% to meet maintenance and rehabilitation costs and to limit growth in property taxes.
- Establishes a three-tier transit aid distribution structure and increases state assistance to local systems by over 9%.
- Supports the installation of mobile data computers in State Patrol vehicles and the initial development of an improved radio and data communications system for state and local law enforcement efforts.
- Provides \$10 million in grants and \$22.5 million in loan guarantees for redevelopment of contaminated and underutilized land.
- Provides additional funds for rural and agricultural economic development through the Department of Commerce.

Education

- Requires school districts to adopt rigorous academic standards in core subject areas (reading and writing, mathematics, science, history and geography) by the fall of 1998.
- Requires school districts to implement a high school graduation test by the 2000–2001 school year and requires students graduating in the class of 2003 to pass the test in order to receive a high school diploma.
- Provides \$200 million in grants and borrowing authority to implement the Technology for Educational Achievement (TEACH) initiative. TEACH will put technology into every school in the state, as well as provide support for technology initiatives in the University of Wisconsin and Wisconsin Technical College systems, private colleges and public libraries.
- Creates the Youth Options program which will allow high school juniors and seniors to attend technical college campuses full-time to earn their high school diplomas as well as credits toward a degree or certificate.
- Consolidates the School-to-Work program in the Department of Workforce Development and increases financial support for career counseling centers and the youth apprenticeship program.

- Expands the charter school program to allow UW–Milwaukee, the Milwaukee Area Technical College and the city of Milwaukee to create charter schools.
- Creates a public school choice program that increases educational options for parents and students by giving them the choice of which public school district to attend, beginning in the fall of 1998.
- Maintains the state’s commitment to fund two-thirds of school costs by providing increases in state school aid of \$239 million for the 1997–98 school year and an additional \$212 million for the 1998–99 school year.
- Provides \$12.8 million over the biennium to expand the number of grade levels and add an estimated 37 school districts to the Student Achievement Guarantee in Education (SAGE) program, which reduces class sizes for schools that serve low-income neighborhoods.
- Provides \$2.5 million to increase aid for public library systems by 21.5% over the biennium.
- Increases the low-spending revenue limit exemption for school districts from the 1996–97 level of \$5,600 per pupil to \$5,900 in 1997–98 and \$6,100 in 1998–99.
- Beginning in 1998–99, allows school districts to increase their revenue limits to recognize 20% of their summer school enrollment.
- Provides \$666,000 to expand the P–5 program (which provides additional resources for districts with large numbers of low-income students) in Milwaukee, Kenosha, Racine and Beloit.
- Provides an adjustment to the allowable increase in revenue limits from \$206 per pupil in the 1997–98 school year to an estimated \$211 in the 1998–99 school year.
- Holds school districts harmless from declining enrollment which exceeds 2% in the 1997–98 school year, and modifies the provision to authorize a 75% hold harmless in 1998–99.
- Provides the Board of Regents of the University of Wisconsin System with the authority and fiscal flexibility necessary to increase faculty compensation by the amount necessary to recruit and retain high quality faculty.
- Provides \$5.2 million over the biennium to increase Wisconsin higher education grants (WHEG) to students attending the University of Wisconsin System by an average of 20%.
- Provides \$4.8 million over the biennium to increase financial aid to students attending the Wisconsin Technical College System and Wisconsin’s private colleges.

Environmental Protection and Resource Management

- Increases the redevelopment potential and environmental quality of contaminated property by expanding liability exemptions for sites that are cleaned up to Department of Natural Resources standards.

- Creates a new Wisconsin Land Council to recommend state land use goals, coordinate state programs that impact land development, develop a technology infrastructure to support information dissemination and decision-making, and seek cooperation between state, local, federal and tribal governments regarding land use policy and planning issues.
- Creates a Safe Drinking Water Fund to provide subsidized loans and loan guarantees for improvements to municipal and private drinking water systems.
- Increases municipal recycling grants by \$31 million over current law through calendar year 2000.
- Enhances the competitiveness and environmental responsibility of Wisconsin businesses by authorizing environmental performance agreements that emphasize continuous improvements in production processes and associated waste generation.
- Streamlines environmental permit issuance and implements time limits on permit processing.
- Increases funding for water quality protection efforts by \$15 million related to the priority watershed program, new nonpoint source performance standards and the soil and water resources management program.
- Seeks to improve service to the public through automating campground reservations, hunting and fishing license issuance and recreational vehicle registration.
- Enhances recreation and winter tourism opportunities by increasing local snowmobile aids by 57% over the biennium through a new GPR appropriation, a new \$10 sticker for non-resident snowmobiles and growth in existing revenue sources.
- Reduces agricultural licensing fees and surcharges due to a surplus in the agricultural cleanup fund.
- Provides for an increase in the cigarette tax of 15 cents per pack. The anticipated revenue from this increase, \$82 million over the biennium, will help to fund the health initiatives in the budget.
- Provides \$2.0 million GPR over the biennium for grants to school districts and local communities for tobacco education.
- Provides \$2.6 million GPR over the biennium to increase services to the victims of domestic abuse.
- Adds dental sealants for children as a new Medical Assistance benefit. By the end of the biennium the costs of this new benefit will be outweighed by the savings in other dental costs for children.
- Provides \$15.7 million GPR in FY99 to institute the new Badgercare health insurance program for children and their parents. This program will cost \$67.1 million all funds annually and will make health insurance available for all low-income children and their parents who are not covered by Medical Assistance.
- Provides \$3.0 million GPR over the biennium in increases for benefit specialists and elder abuse services, two programs of importance to senior citizens.

Justice

- Provides the resources necessary to enforce Wisconsin's sex predator law to ensure continued public safety.
- Provides additional state funding and staff for critical drug enforcement programs in the Department of Justice.
- Increases funding for programs that assist victims of crime.
- Provides additional support to local law enforcement by adding state crime lab resources, including full funding of the state's DNA analysis program and funding for critical surveillance equipment and additional crime lab analysts.
- Provides funding for 2,157 new prison beds and 1,830 contract beds to help relieve prison overcrowding.
- Authorizes the Department of Corrections to contract with private providers for prison beds in other states.
- Provides capital funding to construct a 600-bed probation and parole and AODA facility in Milwaukee.
- Provides capital funding to construct another 1,000 prison beds at a site or sites to be determined in the future.
- Provides funding for the VINE System (Victim Information and Notification Everyday) to inform victims of offender location, parole eligibility date, mandatory release date and offender's date of release from prison.
- Increases from three to six the number of private business partnerships authorized to provide prison employment opportunities in Wisconsin prisons.
- Increases funding for youth aids by providing an additional \$8.5 million to counties.

Human Services

- Provides \$9.2 million GPR to fund an additional 1,192 Community Options Program (COP) slots over the biennium.
- Provides an increase of \$146 million over the biennium to meet the increased needs for child care that will result from the statewide implementation of W-2.
- Provides a 21% increase in the grant payments for Community Service Jobs and Transition placements under W-2 to recognize that people in these two categories have additional barriers to work.
- Provides \$34.4 million GPR over the biennium to fund the state assumption of responsibility for the operation of child welfare services in Milwaukee.
- Provides \$3.6 million GPR over the biennium to support a women's health initiative, to assure that the particular health needs of women are met.

- Doubles funding for youth diversion programs designed to divert youth from gang activities in Milwaukee, Racine, Kenosha and Brown Counties and in the City of Racine.
- Provides the resources for the next phase in developing Wisconsin's integrated justice information system to enhance the information sharing capabilities of local law enforcement, the courts, the public defender, district attorneys and the correctional system. The budget also provides nearly \$7 million to further improve the information technology infrastructure of the public defender and the district attorneys.
- Ensures the continued success and stability of the Circuit Court Automation Program (CCAP) by providing 23 positions and additional funding to the courts to continue to provide circuit courts with information technology targeted at improving the efficiency of court operations throughout the state.

State Government Operations and Efficiency

- Eliminates nearly 50 attached boards, councils and commissions that the Lieutenant Governor's study recommended be sunset.
- Funds all state obligations related to implementation of the Special Investment Performance Dividend court order and also funds benefit supplements to ensure there will be no discontinuity in the receipt of existing pension benefits by pre-1974 retirees.
- Provides improvements in programs and benefits for Wisconsin's veterans, including extending eligibility to include peacetime veterans, creating a new personal loan program which increases maximum loan limits and expanding the purposes for which loans can be made, restructuring and strengthening the primary home loan and home improvement programs, and expanding the tuition fee reimbursement program.
- Provides funds to reimburse 100% of costs in the National Guard Tuition Grant Program.
- Provides funds for the State Elections Board to convert and implement a system for electronically reporting and accessing election campaign finances, as recommended by a Governor's blue ribbon commission on campaign reform.
- Creates a small section within the Department of Administration to conduct performance audits and increase financial auditing of state agencies.

The budget I am signing today covers the last full biennium of the twentieth century. It builds on our past successes and points us toward a promising future.

Respectfully submitted,
TOMMY G. THOMPSON
 Governor

VETO MESSAGE

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A. EDUCATION AND TRAINING

ARTS BOARD

1. Percent-for-Art Program

Sections 9hm, 233rb, 233 re, 1346sf, 1346sj, 1346wg and 9105 (1g)

These provisions delete the Percent-For-Art program. This program provides funding from the State Building Commission to include works of art in state buildings.

I am vetoing these provisions in order to retain the Percent-for-Art program. While I agree with concerns that the program's scope should be limited to exclude projects in prisons, warehouses, sidewalks and similar facilities, the basic program has merit and should be retained. While this veto retains the program, I am requesting the Building Commission to develop policies which reflect the Legislature's support for restricting the types of projects funded.

HIGHER EDUCATIONAL AIDS BOARD

2. Academic Excellence Scholarship Program

Section 1277d

This provision requires the Higher Educational Aids Board (HEAB) and the Department of Public Instruction (DPI) to jointly develop tiebreaker guidelines for the academic excellence scholarship program.

I am vetoing this section in its entirety. The effect of this veto will be to retain local school district responsibility for the development of tiebreaker guidelines. The rules for determining class rank, which determine eligibility for an Academic Excellence Scholarship, are most appropriately the responsibility of local school boards.

PUBLIC INSTRUCTION

3. Maximum Allowable Revenue Increase

Sections 169 [as it relates to s. 20.255 (2) (ac)], 253k and 2898m

Section 2898m limits school district revenue increases in the 1997–98 school year. It provides that, in 1997–98, school district revenues may not grow by more than \$206 per full-time equivalent pupil plus the annual percentage increase, in dollar terms, of the consumer price index for urban consumers between March 1996 and March 1997.

I am vetoing this section to maintain the allowable increase per pupil in 1997–98 at \$206. School districts should have already developed 1997–98 budgets based on the \$206 increase. This veto will permit districts to increase their revenues by \$206 per pupil in fiscal year 1997–98 and by approximately \$211 per pupil in fiscal year 1998–99. These amounts will provide the vast majority of school districts with an annual per pupil adjustment that will exceed inflation throughout the 1997–99 biennium.

Section 169 [as it relates to s. 20.255 (2) (ac)] provides \$2,800,000 GPR in fiscal year 1997–98 to pay for the additional revenue increase per pupil. Although there is no language in the budget bill that authorizes this increase, the purpose of this funding was included in a Senate amendment to the bill. By lining out the Department of Public Instruction’s s. 20.255 (2) (ac) appropriation and writing in a smaller amount that deletes the \$2,800,000 GPR provided for this purpose in fiscal year 1997–98, I am vetoing the part of the bill which funds this provision in fiscal year 1997–98. The effect of this veto will be to reduce expenditures in the appropriation under s. 20.255 (2) (ac) by \$2,800,000 in fiscal year 1997–98. In addition, this veto will also reduce estimated expenditures in the appropriation under s. 20.255 (2) (ac) in fiscal year 1998–99 by \$3,400,000. Therefore, I am requesting the Department of Administration Secretary to reestimate fiscal year 1998–99 expenditures by \$3,400,000.

4. Student Achievement Guarantee in Education

Section 2842z

This provision authorizes the Department of Public Instruction to waive the current eligibility requirements for the Student Achievement Guarantee in Education (SAGE) program in fiscal year 1998–99 to allow more school districts to participate in the program if any eligible school districts choose not to participate.

I am vetoing this provision because I object to the potential expansion of the SAGE program to districts that do not meet the current eligibility requirements. The SAGE program should be dedicated to those districts that have an above average number of low-income pupils. The effect of this veto is to honor the Legislature’s recommendation to provide \$5,700,000 in fiscal year 1998–99 to implement the SAGE program in kindergarten and first grade for districts that meet the current eligibility requirements.

5. Revenue Limits—School Districts with Declining Enrollments

Section 2902v

This section provides that, beginning in 1998–99 and thereafter, a school district with a decline in its three-year rolling enrollment average would receive a three-year revenue limit adjustment providing a dollar amount equal to: (1) 75% of the revenues lost in the most recent year; (2) 50% of the revenues lost in the second most recent year; and (3) 25% of the revenues lost in the third most recent year. No further adjustments would be provided after the third year. These adjustments would be non-recurring and calculated separately.

I am partially vetoing this section to eliminate the adjustment to district revenues in 1999–2000 and thereafter. This veto will not affect the declining enrollment provisions in this act for the 1997–99 biennium. However, while providing some immediate fiscal relief to districts with declining enrollments is reasonable, the fiscal impact of enrollment changes, both increasing and decreasing, needs a more comprehensive review. I will work with the Legislature to permanently resolve this issue in a way that will address both state and school district concerns.

6. Date Requirement for Full-Time and Part-Time Open Enrollment Policies

Sections 2843g and 2843r

These sections provide that school boards must adopt guidelines and policies for full-time and part-time open enrollment by December 1, 1997.

Due to the late passage of the 1997–99 biennial budget bill, I am partially vetoing these sections by striking the digit “1”, thereby providing school boards with the entire month of December to fulfill these requirements as they relate to these programs. Given the delayed passage of the budget, school boards should have additional time to adopt guidelines and policies for the open enrollment program.

7. Wisconsin Educational Opportunity Program

Section 169 [as it relates to s. 20.255 (1) (a)]

Section 169 [as it relates to s. 20.255 (1) (a)] provides \$68,900 GPR in fiscal year 1997–98 and \$137,800 in fiscal year 1998–99 for an additional 3.0 FTE positions for the Wisconsin Educational Opportunity Program (WEOP). Although there is no language in the budget bill that authorizes this increase, the purpose of this funding was included in a Senate amendment to the bill.

By lining out DPI’s s. 20.255 (1) (a) appropriation and writing in a smaller amount that deletes the \$206,700 GPR provided for this purpose in fiscal years 1997–98 and 1998–99, I am vetoing the part of the bill which funds these 3.0 FTE positions. With the Senate’s restoration of the proposed reduction to DPI’s base budget, the Department will have additional resources beyond what was originally anticipated. If expanding WEOP services is a DPI priority, consideration

should be given to the internal reallocation of resources. I am also requesting the Department of Administration Secretary not to allot these funds. Furthermore, I am requesting the Secretary not to authorize 3.0 GPR FTE positions.

STATE HISTORICAL SOCIETY

8. Nonresident Library Fee

Sections 1345ej, 1345em and 9424 (1x)

These sections require the Historical Society to charge a fee for the use of the main library or for research services to any nonresident who is not a member of the Historical Society, a member of the faculty or academic staff of the University of Wisconsin or a student enrolled in a University of Wisconsin campus. Section 1345em also requires the society to submit a fee schedule to the Joint Committee on Finance (JCF) for approval under a passive review process.

I am partially vetoing section 1345em to remove JCF approval of the fee schedule because this adds an unnecessary level of review on an administrative matter that should be determined by the Historical Society's Board of Curators. I am partially vetoing sections 1345ej, 1345em and 9424 (1x) because I also object to the requirement that the Historical Society charge a fee for the use of the main library. While charging a fee for research services is reasonable considering the substantial level of staff resources that are involved in such activities, charging a fee for nonresidents' use of the publicly accessible resources of the main library would be administratively cumbersome and unlikely to generate sufficient revenue to cover costs. The Historical Society will still be required to charge a fee to nonresidents who are provided research services by the society.

TECHNOLOGY FOR EDUCATIONAL ACHIEVEMENT IN WISCONSIN BOARD (TEACH)

9. TEACH Membership

Section 52

This provision authorizes the chairperson of the Educational Communications Board (ECB) to appoint a member of the ECB to the TEACH Board.

I am partially vetoing this section to remove the ECB chairperson's responsibility for appointing a member of the ECB to the TEACH Wisconsin Board. The effect of this veto will be to retain ECB membership on the TEACH Board while giving appointing authority for this position to the Governor. Since the Governor is ultimately accountable for the success of the TEACH program, he or she should have primary responsibility for appointing members of the TEACH Board.

10. Emergency Rulemaking

Sections 1347 [as it relates to s. 44.72 (1) (d) and (4) (a)], 3150, 9101 (9m), (9s) and (13p) and 9141 (1)

These provisions require the TEACH Board to do the following:

- Promulgate rules establishing procedures and criteria for awarding educational technology training and technical assistance grants.
- Promulgate rules for making subsidized educational technology infrastructure loans.
- Promulgate emergency rules related to educational technology and software purchases by school districts, cooperative educational service agencies, technical college districts and the University of Wisconsin System Board of Regents.
- Submit all proposed rules to the Joint Committee on Finance for a 14 day passive review.

Furthermore, these provisions require the PSC to do the following:

- Consult with the Telecommunications Privacy Council before promulgating rules related to the telecommunications access program.
- Submit proposed rules for the telecommunications access program to the Joint Committee on Finance for a passive 14 day review.

I am partially vetoing all of these provisions because I object to having the Legislature manage agency programs and to creating additional demands on agencies at a time when budgets are constrained. Furthermore, the TEACH Board and PSC need the flexibility to respond to the rapidly changing distance education and educational technology environments.

11. Technology Grants for Public Libraries

Sections 169 [as it relates to s. 20.275 (1) (fL)], 270 [as it relates to s. 20.275 (1) (fL)], and 1347 [as it relates to s. 44.72 (3)]

This provision creates a competitive technology grant program for public libraries and provides funding of \$450,000 GPR annually.

I am partially vetoing this provision to delete the separate technology grant program for public libraries. Public libraries will receive a substantial increase in support through an additional \$2.6 million provided in the budget for Public Library Systems Aids. In addition, the TEACH program will provide public libraries with subsidized loans for technology wiring projects, subsidized rates for Internet access and an opportunity to receive state funding for technical assistance and technology training.

12. Common School Fund Income Block Grants

Section 270 [as it relates to s. 20.275 (1) (u)] and Section 1347 [as it relates to s. 44.72 (2) (a)]

Section 270 stipulates that Common School Fund Income (CSFI) monies cannot be used to fund educational technology block grants to school districts after June 30, 1998.

I am partially vetoing these sections to delete the June 30, 1998 sunset date on these block grants. Providing technology block grants to school districts is a central feature of the TEACH program. As Wisconsin moves into the 21st century, a concerted effort must be made to help school districts adapt to the technological demands of public instruction in the future. Retaining CSFI funding of school district technology needs will provide the resources necessary to assist school districts to integrate the latest technological innovations into the classroom, while preserving the CSFI's traditional role of providing financial support to school libraries.

UNIVERSITY OF WISCONSIN SYSTEM

13. Sunset of Tuition Revenue Expenditure Authority

Sections 280 and 281

These provisions authorize the Board of Regents of the University of Wisconsin System to expend up to four percent more than the amount appropriated in the appropriation under s. 20.285(1) (im) in FY98 and seven percent more than the amount appropriated in the appropriation under s. 20.285(1) (im) in FY99, provided that sufficient revenues are available. These provisions also include sunset dates for this additional expenditure authority, so that this authority does not apply after the 1997–99 fiscal biennium.

I am partially vetoing these provisions to eliminate the sunset dates because this authority provides the Board of Regents with the continuing flexibility it will require to meet rapidly changing student needs, including distance education, libraries, advising, faculty recruitment and retention and other emerging priorities.

14. Executive Salaries

Sections 756c and 758

These provisions establish new maximum salaries for the following executive positions within the University of Wisconsin System: president, vice presidents, chancellors of each campus and certain vice chancellors.

I am vetoing these provisions because there is insufficient documentation that the current salary maximums create recruitment and retention problems for all the administrators listed in section 756c. Under current law, the maximum salaries for executive positions within the University of Wisconsin System are already at the highest level of any executive position in state government. However, I recognize that in selected cases, especially with respect to the recruitment of chancellors, the salary maximums may hamper the ability of the Board of Regents to attract the most highly qualified candidates. Therefore, I am requesting the Secretary of the Department of Employment Relations to conduct an analysis of the competitiveness of the salary structure for the University of Wisconsin's top administrators, especially chancellors, compared to public universities in other states. Furthermore, I request that the study be completed by January 31, 1998.

15. Auxiliary Enterprises

Sections 273, 277 and 1173s

These provisions require the Board of Regents of the University of Wisconsin System to promulgate rules regarding the definition of "one-time, fixed duration costs" and "student-related activity," as well as the criteria which the Board would use in approving campus uses of auxiliary reserve funds. Further, these provisions require that any request to transfer auxiliary reserve funds for the purpose of funding non-auxiliary activities be subject to approval by the Joint Committee on Finance under a 14-day passive review process.

I am partially vetoing these provisions to eliminate the requirement that the Board promulgate rules, including the definition of "one-time, fixed duration costs" and "student-related activity," as well as the criteria which the Board would use in approving campus uses of auxiliary reserve funds. This partial veto will also eliminate the requirement that any request to transfer auxiliary reserve funds for the purpose of funding non-auxiliary activities be subject to approval by the Joint Committee on Finance. It is unnecessary to promulgate rules for this initiative. The Board should have the flexibility to independently determine the uses of auxiliary reserve funds.

16. Study of University of Wisconsin Faculty Salaries

Section 9153 (4g)

This provision requires the Robert M. La Follette Institute of Public Affairs of the University of Wisconsin–Madison to study the method that the Board of Regents uses to compare the salaries of faculty at the University of Wisconsin System to the salaries of faculty at other institutions of higher education.

I am vetoing this provision because a study of the methodology used to compare salaries should be done by a third party. While I do not oppose a study of salary comparisons, the study should not be done by the University of Wisconsin System.

17. Institute for Excellence in Urban Education

Section 94mm

This provision creates a council to oversee the Institute for Excellence in Urban Education at the University of Wisconsin–Milwaukee, as created by this act.

I am vetoing this provision because there is no need to have a statutory council to oversee the operation of this program. If an advisory body is determined to be necessary, the Board of Regents has sufficient authority to create one without a statutory mandate.

18. Advising Initiative

Section 169 [as it relates to s. 20.285 (1) (a) and s. 20.285 (1) (im)]

Section 169 [as it relates to ss. 20.285 (1) (a) and 20.285 (1) (im)] provides \$65,000 GPR, \$35,000 PR and 2.5 GPR FTE

positions in fiscal year 1997–98, and \$195,000 GPR, \$105,000 PR and 3.5 GPR FTE positions in fiscal year 1998–99 for a pilot program at two campuses to improve academic and career advising efforts. Although there is no language in the budget bill that authorizes this increase, the purpose of the funding was included in a Senate amendment to the bill.

I object to the size of this increase because it is excessive. While this project may have merit, it is more appropriate to initiate this project on one four-year comprehensive campus. Therefore, by lining out the University of Wisconsin System's s. 20.285 (1) (a) appropriation and the s. 20.285 (1) (im) appropriation and writing in smaller amounts that delete \$13,000 GPR and \$7,000 PR in fiscal year 1997–98, which provides funding for 0.5 GPR FTE positions, and \$143,000 GPR and \$77,000 PR in fiscal year 1998–99, which provides funding for 3.5 GPR FTE positions, I am partially vetoing the part of the bill which funds this program. The effect of this veto will be to authorize funding for 2.0 FTE positions. I am also requesting the Department of Administration Secretary not to allot these funds, and not to authorize the 4.0 GPR FTE positions. I am also requesting the Board of Regents to ensure that this initiative is initially implemented on a comprehensive campus. If the Board of Regents determines that more positions are necessary to accommodate this project, internal reallocations may be made. (Note: Appropriation s. 20.285(1)(a) is also affected by veto #19, page 8.)

19. University of Wisconsin–Extension

Section 169 [as it relates to s. 20.285 (1) (a)]

Section 169 [as it relates to s. 20.285 (1) (a)] provides \$25,000 GPR in fiscal year 1997–98 and \$25,000 GPR in fiscal year 1998–99 for the Division of Continuing Education. Although there is no language in the budget bill that authorizes this increase, the purpose of this funding was included in a Joint Committee on Finance budget motion.

I object to this increase because the University of Wisconsin–Extension has had \$2,000,000 GPR restored to its budget for the next biennium. If UW–Extension believes that additional funding is needed in this area, it has authority to transfer resources to the Division of Continuing Education. By lining out the University of Wisconsin System's s. 20.285 (1) (a) appropriation and writing in a smaller amount that deletes the \$25,000 GPR provided annually for this purpose in fiscal years 1997–98 and 1998–99, I am vetoing the part of the bill which funds this provision. Furthermore, I am requesting the Department of Administration Secretary not to allot these funds. (Note: Appropriation s. 20.285(1)(a) is also affected by veto #18, page 7.)

20. University of Wisconsin Medical School

Section 9153 (2zgg)

Section 9153 (2zgg) provides \$90,900 GPR in fiscal year 1997–98 and \$181,900 GPR in fiscal year 1998–99 to the University of Wisconsin Medical School Department of Family Medicine and Practice for the purpose of expanding

family practice residency programs in medically underserved areas in Milwaukee.

I am vetoing this provision because family practice residency programs in Milwaukee have been traditionally and effectively administered by the Medical College of Wisconsin (MCW). While I do not object to expanding family practice residencies in Milwaukee, this expansion should be administered by MCW. Therefore, I am requesting the Department of Administration Secretary

not to allot these funds. I would support separate legislation that provides MCW with equivalent resources to expand family practice residency programs in medically underserved areas within Milwaukee's inner city.

WISCONSIN TECHNICAL COLLEGE SYSTEM

21. Incentive Grants Appropriation

Sections 169 [as it relates to s. 20.292 (1) (dc)] and 282m

These sections alter the Technical College System incentive grants appropriation to an annual appropriation. I am vetoing these sections because the Wisconsin Technical College System Board needs to have the flexibility to administer these limited grants in the best interest of the Technical College System.

22. Youth Options—Attendance at Technical Colleges

Section 2844 [as it relates to a space available exception to technical college requirement to admit youth option pupils]

This section defines the pupil eligibility criteria, school district and technical college district requirements and payment mechanisms for the technical college portion of the Youth Options program. This section allows a technical college district board to reject a pupil's application to the technical college under the program if the district board determines that there is no space available for the pupil.

I am partially vetoing this section to remove the space available exception to the requirement that a technical college shall admit otherwise eligible pupils. This program provides technical colleges with a level of funding for educating Youth Options pupils that is adequate to cover the full cost of instruction. I am concerned that this provision would limit high school pupils' access to the educational opportunities made available through the Youth Options program.

23. Youth Options—Payment Negotiation

Sections 2844 [as it relates to proposing an alternative payment mechanism] and 9140 (6sr)

Section 2844 defines the pupil eligibility criteria, school district and technical college district requirements and payment mechanisms for the technical college portion of the Youth Options program. This section and section 9140 (6sr) also provide a mechanism by which the technical college

system board, the Wisconsin Association of School Boards and the School Administrators Alliance can propose an alternate method for determining the amount that a school board must pay a technical college for each pupil attending a technical college under the Youth Options program. If the Department of Public Instruction approves the alternate payment determination method, and if it is approved by the Joint Committee on Finance under a 14-day passive review process, the alternate payment method shall be implemented.

I am partially vetoing these sections because the payment method was established based on discussions involving representatives of the technical colleges, school boards and school administrators. Furthermore, I am satisfied that the provisions contained in this section establish a fair and equitable payment mechanism and no alternative method is necessary.

B. ENVIRONMENTAL AND COMMERCIAL RESOURCES

AGRICULTURE, TRADE AND CONSUMER PROTECTION

1. Stray Voltage

Sections 169 [as it relates to s. 20.115 (3) (je)], 170v, 2498v and 3160m

These sections provide \$100,000 PR annually for research into the incidence, levels and effects of stray voltage on the state's agricultural industry. Revenues would be generated through assessments on private utilities.

I am vetoing this provision because it is unnecessary. Stray voltage research has been conducted for several years through the significant financial contributions of state and federal agencies and private utilities. Another program would simply duplicate these efforts and would not be cost effective. I request that the Department of Agriculture, Trade and Consumer Protection continue to work with the Public Service Commission, utilities, and the agricultural sector in coordinating research and assistance efforts in addressing this important issue.

2. Agrichemical Cleanup Fund Fees

Section 2543

This provision requires the Department of Agriculture, Trade and Consumer Protection to submit rules regarding the adjustment of surcharge fees deposited into the agrichemical cleanup fund to the Joint Committee on Finance for a 14-day passive review.

I am vetoing this provision because it undermines the authority of the department to manage the agrichemical cleanup fund. The Legislature set parameters on the size of the balance in the agrichemical fund and therefore no additional limits on the department's administrative flexibility are necessary.

COMMERCE

3. Reimbursement of Financing Fees under PECFA

Sections 2598f and 9310 (5m)

This provision establishes reimbursement limits on annual loan renewal fees incurred by applicants under the PECFA program.

I am vetoing this provision because it would increase the reimbursement of loan renewal fees above the level currently set under administrative rule. With limited PECFA funds available to reimburse applicants for financial service fees, eligibility of these fees for reimbursement must be limited. I request the Department of Commerce to continue to seek ways to focus scarce PECFA resources on the primary goal of cleanup of petroleum contamination.

4. Pedestrian Bridge

Sections 187, 197, and 9110 (7f)

These sections authorize the Department of Commerce to make a grant or loan of up to \$1,200,000 from the Wisconsin Development Fund for a project that includes a pedestrian bridge. The project must be located in the City of Madison and be bounded by Regent Street, North Murray Street, West Dayton Street, North Frances Street, Frances Court and West Washington Avenue.

I am partially vetoing these sections to delete the confinement of the project to the City of Madison because an award of this nature should be made on a competitive basis. I am also vetoing the department's authority to make a grant for this project because it is inconsistent with the goals of the Wisconsin Development Fund. The major economic development component of the Wisconsin Development Fund is a program structured to provide loans to large economic development projects which will, in turn, fund future projects when repaid.

5. Wisconsin Development Finance Board Membership and Award Notification

Sections 59c and 4499e

These sections modify the membership of the board and require notification of legislators of any award presentations. Section 59c requires that the board include a majority party and a minority party legislator from each house of the legislature. Section 4499e requires that at least ten days before an award from the Wisconsin Development Fund is presented, the Department of Commerce notify the state representative and state senator of the district in which the award recipient is located.

I am vetoing the requirement of additional board members because this expansion is unnecessary. The board presently has nine members representing a diverse group of industry and government leaders. Expanded membership could lead to a longer award process and ultimately limit critical economic development projects.

I am vetoing the specific requirement regarding notice being given in advance of award presentations because it is

impractical. The Wisconsin Development Finance Board makes all decisions concerning awards from the Wisconsin Development Fund. The department does not know in advance whether an award will be made. The department does notify affected legislators of awards and presentations in a timely manner and should continue this practice.

6. Farm Enterprise Grants

Sections 4383n and 4393

These sections set a maximum grant amount and specify the funding source for the farm enterprise element of the Rural Economic Development program. Section 4393 establishes a maximum grant allowable under the program of \$15,000. Section 4383n requires farm enterprise grants to be funded from the appropriation under s. 20.143 (1) (g), for gifts and grants.

I am vetoing the maximum grant level because it would not provide recipients with sufficient means to successfully start, expand or modernize farming operations. While this veto would remove a statutory grant maximum, the Rural Economic Development Board has the authority to establish a more reasonable maximum grant for the program through administrative rules.

I am vetoing the requirement that farm enterprise grants be funded from the gifts and grants appropriation because it limits the Department of Commerce's flexibility to fund this activity. The Rural Economic Development program continues to grow and flexible allocation strategies will be critical to its continued success.

7. Downtown Wisconsin Fund Study

Section 9110 (6n)

This provision directs the Department of Commerce to study the feasibility of creating a fund to provide financial assistance to small and medium-sized municipalities to assist in revitalizing downtown commercial districts, preserving farmland and preventing urban sprawl. The department would be required to submit a report to the Joint Committee on Finance at the second quarterly meeting of the committee for fiscal year 1997-1998 under section 13.10 of the statutes.

I am vetoing this provision because this study is unnecessary. The department currently has a number of programs that address downtown revitalization, including the Main Street and Community Based Economic Development programs. Furthermore, the Wisconsin Land Council, as established in this bill, will be reviewing state programs that impact critical land use issues, including farmland preservation and urban sprawl, seeking ways of reducing conflicts, and fostering state and local cooperation.

8. Minority Business Development Grants

Sections 4532g and 4532m

Sections 4532g and 4532m repeal the exclusion of entertainment or other pre-approval expenses from eligible project costs under the Minority Business Development Finance program.

I am vetoing this provision because it could increase costs and reduce funding available for grants. Repealing this exclusion would increase the department's administrative costs by requiring audits of these expenses for appropriateness. Limiting the extent of reimbursable costs helps ensure that eligible applicants are committed to project success.

9. City of Ladysmith Grant

Section 9143 (2n)

This section requires that the Investment and Local Impact Fund Board provide a \$480,000 grant to the City of Ladysmith from the Investment and Local Impact Fund to compensate for costs associated with mining.

I am vetoing this section because any grant from the Investment and Local Impact Fund (ILIF) should be awarded through the current, competitive process. The ILIF Board will make awards based on an objective review of grant applications. Given the City of Ladysmith's success in receiving past grant awards from the fund, future applications should be able to compete well under the current process. The state has supported the City of Ladysmith's efforts in the area of economic diversification and development, and can be expected to continue that support in the future.

NATURAL RESOURCES

10. Dry Cleaner Response Fund

Sections 344m, 873r, 906e, 2410ts and 3721e

These sections require the Department of Natural Resources to reimburse owners and operators of dry cleaning operations for expenses related to assessment and remediation of environmental contamination caused by dry cleaning solvents that occurred after January 1, 1991. Reimbursable expenses also include financing charges and compensation for bodily injury and property damage suffered by third parties. The Office of the Commissioner of Insurance would be required to define by rule the meaning of liabilities excluded from coverage in liability insurance policies for bodily injury and property damage for this program. The maximum award under the program would be \$600,000 with progressive deductible payments by award recipients.

Under the dry cleaner response fund, 46 percent of the annually appropriated funds would be set aside for the reimbursement of costs associated with interim actions. The next highest funding priority would be immediate action awards. If insufficient funds are available in the dry cleaner awards appropriation (s. 20.370 (6) (eq)), the department would be required to make immediate action awards from the spills appropriation (s. 20.370 (2) (dv)). Furthermore, the Department of Natural Resources would be required to make immediate action awards within two days after submittal.

I am vetoing sections 344m and 873r, and partially vetoing sections 906e, 2410ts, and 3721e to remove the requirement that the Department of Natural Resources make awards from the spills appropriation for immediate actions because it would undermine the department's flexibility to meet all environmental cleanup needs. The spills appropriation funds a variety of critical cleanup activities, including the

remediation of hazardous substance spills and the cleanup of abandoned containers and contaminated wells. The department must have the authority to meet multiple situations that threaten the environment, including contamination from dry cleaning activities.

I am partially vetoing section 3721e to delete the requirement that the department make immediate action awards within two days after submittal because it is unreasonable. The department needs sufficient time to review claims to ensure that funds are being used appropriately and cleanups are achieving environmental goals. While a two day turnaround is problematic, I request that the department process claims in a timely manner within the financial limits of the fund.

I am partially vetoing section 3721e to eliminate compensation for third party damages and associated Office of the Commissioner of Insurance rule development requirements, restrict reimbursement of claimant financial charges, and reduce the maximum grant award from \$600,000 to \$500,000 because these provisions are excessive. The expected annual revenue of \$1,900,000 is minimal compared to the potential claims against the fund. By eliminating reimbursement for non-cleanup related expenses and limiting maximum awards, more owners and operators will be reimbursed.

I am also requesting the Department of Natural Resources to address in rule development the provisions that were removed through the veto of the maximum grant award level related to financial assistance limits for multiple facilities. These include limits of up to \$250,000 in one program year to an owner or operator of ten or fewer dry cleaning facilities and not more than \$500,000 in a program year to an owner or operator of ten or more dry cleaning facilities. Action by the department on this matter will ensure that limited resources in the fund reach the maximum number of eligible claimants.

11. Certified Remediation Professionals

Sections 169 [as it relates to 20.370 (2) (fg)], 346s, 3727g, 9137 (7n) and 9437 (2m)

These sections require persons who perform certain remediation activities to be certified by the Department of Natural Resources, and provide resources for the implementation of the program.

I am vetoing this program because it requires further review and discussion. The program was designed to control the cost of state funded cleanup programs by requiring additional certification requirements for individuals overseeing cleanups. I am supportive of examining ways to reduce the costs of state-funded cleanup programs, but believe this approach does not fully address concerns regarding installation of various remediation plans and practices. Since the need for cost control mechanisms is most pressing in the PECFA program, I request the Department of Commerce to convene a group of interested parties and experts to examine the subject and propose possible options for inclusion in future legislation.

12. Voluntary Party Liability Limitation

Sections 3663, 3664, 3665, 3666, 3668 and 9137 (6g) (c)

These provisions create a contradictory definition of voluntary parties that are eligible for exemptions from liability under various state environmental protection laws. In addition, these provisions require the Department of Natural Resources to complete a brownfields study by March 1, 1998.

I am partially vetoing the voluntary party provisions to avoid a contradiction in the definition of responsible party that will become effective on July 1, 1998. Since my veto leaves no definition of voluntary party in the statutes between the effective date of the budget and July 1, 1998, I request the Department of Natural Resources to provide assurance letters to potential voluntary parties on a case-by-case basis during this interim period. The combination of assurance letters and new definition of voluntary party best represents the compromise reached by the Senate and the Assembly during budget deliberations. I believe that the broader definition of voluntary party created in this budget will greatly assist in the redevelopment of a large number of brownfields sites and bring economic development and jobs to all areas of the state.

I am vetoing the March 1, 1998 deadline for the submittal of a brownfields study because the timeframe is too short to complete a study of this magnitude. I believe that this study will play an important role in further developing the state's land recycling program. Therefore, the Departments of Natural Resources, Commerce, Administration, Transportation, and Agriculture, Trade and Consumer Protection should work together in developing a comprehensive study that fully addresses the required elements by January 1, 1999.

13. Land Recycling Loans

Section 3569

This provision expands eligibility for land recycling loans under the clean water fund to individuals, corporations, partnerships, associations and commissions.

I am partially vetoing this section to maintain the financial integrity of the clean water fund. Clean water fund bonds currently have a very high rating and associated low interest costs to the state in part because shared revenue payments to local governments are used as collateral against repayment of clean water loans. An expansion in eligibility beyond local governments to entities with different financial structures and security features could reduce confidence in the fund and ultimately lead to higher interest costs to the state. Operationally, significant administrative costs would be incurred related to the amount of underwriting and financial analyses necessary to review the creditworthiness of these entities. While this approach is not cost-effective, this bill authorizes other financial resources to non-governmental entities for redevelopment, including a low-interest loan guarantee program in the Wisconsin Housing and Economic Development Authority and grants from the Department of Commerce.

14. Clean Water Fund Modifications

Sections 3497e, 3528m, 3537e, 3553, 3561 and 3570

These sections make changes to the clean water fund program and the newly created safe drinking water program. Sections 3537e, 3553, 3561, and 3570 create a safe drinking water hardship program for projects serving small municipalities. Grants of up to 80 percent of project costs could be awarded, with the remaining costs eligible for a loan with interest subsidized at 33 percent of market rate.

Under sections 3497e and 3528m, DNR would be required to accept household income figures calculated by a third party in place of U.S. Bureau of Census data for sanitary districts with populations of less than 2,500.

I am vetoing the safe drinking water hardship grant program because it will deplete the state and federally funded drinking water revolving loan fund and sharply curtail the number of communities that will be able to receive financial assistance. Since funds used for grants are not available for lending to other communities, state costs will increase to underwrite the program. I recognize the goal of addressing the financial needs of communities with lower than average incomes, and the increased loan interest subsidy for qualifying communities is meant to meet those critical needs.

I am also vetoing the option of submitting third party household income data because these special requirements undermine the ability of the Departments of Natural Resources and Administration to fund hardship projects based on objective and generally accepted criteria. Allowing the use of third party data in place of objective census data would require significant amounts of staff time for review and make it impossible to equitably compare and rank districts based on income.

15. Remediation of Waste Tire Manufacturing Dumps

Section 9137 (4eq) (b)

This provision establishes a limit of \$400,000 in the waste tire removal and cleanup appropriation under s. 20.370 (2) (da) for the elimination of tire dumps that contain solid waste resulting from manufacturing tires.

I am vetoing this provision to eliminate the \$400,000 limit because this level of funding may be insufficient to clean up all affected sites. Since cleanup of these tire dumps is a high priority, the Department of Natural Resources should have the flexibility to use the funds as needed within the overall appropriation level after waste tire reimbursement grants are paid. The department should proceed with clean up of identified sites in a timely manner and limit the cost to no more than \$500,000.

16. Recycling Financial Assistance Study

Section 3614mg

This provision requires the Department of Natural Resources to submit a study to the Legislature outlining funding

mechanisms to continue municipal recycling grants through at least the year 2004.

I am partially vetoing this provision to remove the September 1, 1998 due date of the study because the time frame is too short to develop a comprehensive set of options. I recognize the need to consider options for meeting the financial needs of local recycling programs. The department will need sufficient time to gather information and develop appropriate strategies. Therefore, I request that the department complete its efforts by January 1, 1999.

17. Water Quality Performance Standards

Sections 3273r and 3487p

These sections require the Department of Natural Resources (DNR) to set performance standards and prohibitions for non-agricultural nonpoint water pollution sources. The department is also required to develop technical standards to implement these performance standards.

In addition, these sections require DNR and the Department of Agriculture, Trade and Consumer Protection, in consultation with each other, to set performance standards and prohibitions for agricultural nonpoint water pollution sources and develop best management practices and technical standards to implement the standards and prohibitions. Until cost-sharing funds are available to assist existing agricultural facilities with compliance, DNR or municipalities may not enforce these performance standards and prohibitions.

I am partially vetoing these provisions to limit the scope of the non-agricultural requirements because they could conflict with existing regulation of these activities. The Departments of Commerce and Transportation have authority under current law to regulate erosion on certain construction sites. I request that DNR work with the Departments of Commerce and Transportation to create a process for the development and dissemination of technical standards to implement the performance standards for non-agricultural nonpoint water pollution sources. These changes maintain DNR's authority under the bill but avoid duplicating existing rules and regulations.

18. Watershed Stewardship Grant Program

Sections 169 [as it relates to s. 20.370 (6) (au)], 400g and 3599v

This section creates a program to provide grants to assist in the formation and development of local watershed groups. The section also requires the Department of Natural Resources to fund a nonprofit organization that will administer the grants and establish a center to encourage, facilitate the development of, and educate local watershed groups.

I am vetoing these provisions because the program is not a cost-effective use of state funds. The state already has a number of grant programs that seek to increase local and community involvement in water quality protection activities. The Land and Water Conservation Board also provides significant public involvement in watershed financing and policy development. I remain committed to local watershed efforts as evidenced through the significant

increase in funding for the Priority Watershed and Land and Water Resource Management Programs. This bill appropriates approximately \$48 million for local assistance and cost-sharing grants to improve water quality across the state. To ensure that these funds are used in the most effective means possible, I suggest that the Land and Water Conservation Board consider alternatives that promote local involvement in and responsibility for water quality activities.

19. Willow Flowage

Section 3487d

This section designates the Willow Flowage as an outstanding resource water.

I am vetoing this section because it is unnecessary and infringes on the Natural Resources Board's authority to designate waters and waterways as outstanding resource waters. The board is currently reviewing the appropriateness of assigning this designation to the Willow Flowage.

20. Water Pollution Credit Trading Pilot

Sections 3606 and 9137 (1hm)

These sections require the Department of Natural Resources to administer at least one pilot project to evaluate a water pollution credit trading program and to select the Hay River watershed as one of the pilot projects. Also, these sections prohibit the department from beginning any new pilot projects after June 30, 1999.

I am partially vetoing section 3606 and vetoing section 9137 (1hm) to remove the June 30, 1999 date and the Hay River project designation because they unnecessarily limit the department's ability to successfully administer and evaluate a pilot of this new program. Since water pollution credit trading is an innovative approach to improving water quality, the department will need time to work with potential participants. In addition, I am concerned that legislative designations of projects undermine the department's ability to select projects based on merit. Pilot projects should evaluate a variety of situations in a deliberate fashion that includes significant local input and support.

21. Southeastern Wisconsin Fox River Commission Funding

Sections 378m, 378no and 1148t

These sections create the Southeastern Wisconsin Fox River Commission to conduct studies, liaison with agencies, and implement plans related to water quality and navigation in the Illinois Fox River basin. The commission will consist of local representatives and non-voting members from the Department of Natural Resources and the Southeastern Wisconsin Regional Planning Commission. These sections also allocate \$300,000 from recreational boating facilities aids to the commission, which may also receive funds through local government appropriations and gifts and grants.

I am partially vetoing these sections to remove the allocation of \$300,000 from recreational boating facilities aids because it is excessive. The commission may receive funds for its

activities from local governments, gifts and grants. In addition, the commission may compete with other organizations for funding from state aid programs.

22. Commercial Harvest of Smelt and Alewife

Sections 1105s and 1105t

These sections allow commercial smelt fishing on Lake Michigan during any month except May.

I am vetoing this provision because it would have resulted in a substantial incidental catch and loss of alewife and chubs that would be detrimental to the overall Lake Michigan fishery.

I recognize that Wisconsin's Lake Michigan commercial fishers play an important role in the economy of our state. The expansion in the season length was sought by these businesses in order to increase their smelt harvest and thereby improve their economic viability. I also recognize that Wisconsin citizens greatly value the importance of the salmon and trout fishery in Lake Michigan. Not only is it vitally important to Wisconsin's anglers, it is also important to many other small businesses such as charter fishing operations, motels, bait shops and restaurants.

I have retained the addition of four hours to the commercial fishing day as proposed by the Legislature in order to give Lake Michigan commercial fishers more scheduling flexibility. I am aware that unless additional regulations are adopted by the Department of Natural Resources (DNR), these additional hours of smelt fishing will lead to additional incidental catch of alewives which are a major forage base for our vitally important salmon and trout fishery. I am therefore requesting that DNR immediately implement the additional authority granted to them in this bill to establish by rule a harvest limit for alewife. I am requesting that the department bring an alewife harvest rule to the Natural Resources Board so that it is effective prior to the Green Bay commercial smelt season. The rule should be designed to prevent additional loss of the important alewife forage base.

23. New Stewardship Categories and Badger Trail Development

Sections 762g, 762h, 762k, 762L, 766b, 766c, 766d, 766e, 766f, 766h, 766i, 766m, 766n, 766p, 766q, 766r, 766s, 766ur, 766w, 766x, 766y and 767

These sections modify the Warren Knowles-Gaylord Nelson Stewardship Program to create open space and bluff protection categories and allow the Department of Natural Resources (DNR) to expend up to \$1,750,000 of existing funds to develop a state trail. Funded through reallocation of funding from existing Stewardship Program categories, the open space and bluff protection programs would provide grants to local governments and nonprofit conservation organizations to acquire easements and land. These sections also allow development of a state trail along a portion of an abandoned railroad corridor located in Dane and Green counties on land that is not owned by or under the jurisdiction of the department.

I am vetoing the new Stewardship categories because creating new categories to serve these purposes is premature. The

current Stewardship Program ends on June 30, 2000. I am committed to the overall resource protection goals of the Stewardship Program and have created a blue ribbon task force through executive order to evaluate the current program and propose alternatives for a new Stewardship Program. The open space and bluff protection categories should be considered by the task force as it develops its recommendations.

I am also vetoing the authority to develop an abandoned rail corridor because it is unnecessary. Under current law, DNR and the Natural Resources Board have the authority to decide which projects, and associated funding, will provide the best and most cost-effective recreational opportunities for Wisconsin's residents and visitors. Before approving this proposed trail, DNR and the Natural Resources Board need the flexibility to consider several issues, including ownership of the land, scheduling of other trail development projects, responsibility for development and maintenance, and possible funding sources.

24. Mountain Bay State Trail

Section 953m

This section requires the Department of Natural Resources to expend up to \$333,000 of existing funds to complete the Mountain Bay State Trail in Shawano County and to maintain trail crossings in Brown, Oconto, Shawano and Marathon Counties.

I am vetoing this section because it increases the department's workload and diverts funding from existing projects. I am concerned that state funding of the remaining construction and ongoing maintenance of this trail will discourage counties from participating in cooperative trail agreements. These agreements are critical to maintaining the number and quality of trails available to Wisconsin's residents and visitors.

25. Group Deer Hunting

Sections 1119b, 1119c, 1119d, 1119e, 1119f and 1119g

These sections allow bow hunters to group hunt for deer and extend the time during which a killed deer must be tagged to one hour after the deer has been killed. Also, these sections prohibit the use of any electronic means to communicate the kill to another member of the hunting party.

I am vetoing these sections because the extension of group deer hunting privileges to bow hunters is unnecessary and the one-hour time limit is excessive. Bow hunting for deer is traditionally a solitary pursuit. To improve chances of harvesting a deer, bow hunters reduce the number of factors that may alert a deer to their presence, including wearing camouflaged clothing and hunting individually. These factors make group bow hunting for deer unnecessary and a safety concern. While I also recognize the need for sufficient time to contact other members of a hunting party after a kill, a one-hour limit is excessive and could lead to enforcement and safety problems. I request that the Department of Natural Resources work with interested legislators to develop separate legislation to address this issue.

26. First Right of Refusal

Sections 767r, 767t, 767v and 960g

These sections require the Department of Natural Resources to offer the first right of purchase of any land the department decides to sell to all previous owners. If the previous owners do not make an offer to purchase the land, the department must offer the right of purchase to immediate family members of the previous owners.

I am vetoing these sections because the requirements are burdensome and administratively unworkable. These sections do not address important issues such as multiple owners, application of the immediate family member provision for land not acquired from an individual, and the process for locating previous owners and immediate family. However, I do recognize the goals of this provision and request the department to review these options and work with interested legislators to develop separate legislation on this issue.

27. Required Studies and Approvals

Sections 322m, 381r, 381t, 381v, 779, 783v, 948m, 1041, 1042, 1139rv, 4194, 9137 (3g), 9137 (11t) and 9437 (9xoj)

These provisions require the Department of Natural Resources to do the following:

- Receive Joint Committee on Finance approval before expending funds under the wildlife damage control and claims program.
- Receive Joint Committee on Finance approval before entering into tribal licensing and registration reciprocity agreements with any American Indian tribe or band.
- Receive Joint Committee on Finance passive approval before entering into a contract to operate an automated campground reservation system.
- Study the feasibility of paving state bicycle trails and submit the study to the Legislature by July 1, 1998.
- Prepare statutory language concerning access to the department's databases that contain information regarding persons holding hunting or fishing licenses and recreational vehicle registrations and submit the language to the Joint Committee on Finance and the Joint Committee on Information Policy by January 1, 1998.

I am vetoing all of these provisions because I object to having the Legislature manage agency programs and creating additional demands on the department at a time when budgets are constrained.

28. Vehicle Fleet Pool Expenditure Request and Revenue Lapse

Sections 448, 9137 (7m) and 9237 (2q)

These sections require the Department of Natural Resources to submit an expenditure plan to the Joint Committee on Finance (JCF) before expending funds under s. 20.370 (8) (mt) for information technology. Also the department is

required to lapse \$520,000 SEG–S in each fiscal year from the vehicle pool account under s. 20.370 (8) (mt) to the conservation fund.

I am partially vetoing section 448 and vetoing sections 9137 (7m) and 9237 (2q) to remove JCF oversight and the required lapse because they needlessly infringe on the department’s authority. Implementation of information technology is central to achieving streamlined programs that reduce costs and improve service. A cumbersome approval process undercuts this goal. The required lapse would also limit the resources available for information technology investments. I recognize the goal of the lapse provision is to limit vehicle purchases and I request the department to review new vehicle acquisitions in light of reductions required of the Departments of Administration and Transportation and the University of Wisconsin System.

STATE FAIR PARK

29. Racing Contract

Sections 9107 (14t) and 9132 (2t)

These provisions require the Legislative Audit Bureau to review the State Fair Park Board’s racing contract prior to release of \$3,048,000 PR–supported bonding for racetrack improvements by the State Building Commission.

I am vetoing these provisions because the Legislative Audit Bureau’s review could delay the start date for improvements as approved by the Building Commission. In addition, the Legislative Audit Bureau reviewed the contract in 1996, and its provisions have not been significantly altered since that time.

TOURISM

30. County Tourism Aids

Sections 169 [as it relates to s. 20.380 (1) (c)], 458m, 458p, 9148 (3m) and 9448

These sections provide \$30,000 GPR in fiscal year 1997–98 and \$45,000 GPR in fiscal year 1998–99 to the counties of Pierce, Polk, and Florence as compensation for distribution of tourism materials.

I am vetoing this provision because of the precedent it establishes for compensating any organization that distributes tourism materials. The Department of Tourism currently spends more than \$7,000,000 annually to market all areas of the state as tourism destinations. This includes spending related to the development of tourism publications and their dissemination to local governments, organizations, and other interested parties. Providing funds to distribute these materials undermines the general goal of tourism marketing for the entire state.

31. Sale of Surplus Property

Sections 459 and 1327

Section 459 authorizes the expenditure of proceeds from the sale of surplus state property for tourism promotion. Section 1327 authorizes the department to acquire and sell surplus state property, with 50 percent of the revenue deposited in the general fund and 50 percent deposited in a new tourism promotion—surplus property appropriation.

I am partially vetoing these sections to delete the requirement that 50 percent of the revenue be deposited in the general fund because these proceeds will be of greater benefit to tourism promotion. Estimated revenue from the sale of surplus property would have a negligible effect on the general fund. As a result of this veto, 100 percent of the revenue would be deposited in a new tourism promotion appropriation.

TRANSPORTATION

32. Transportation Studies

Sections 2485m and 9149 (3g), (3gh) and (5g)

These sections require the Department of Transportation to conduct studies of build–operate–lease or transfer agreements, value–based and horsepower–based vehicle registration fees, and major highway project passing lanes. In addition, the department is required to submit a major highway development finance plan, biennially, beginning October 1, 1998.

I am vetoing sections 2485m and 9149 (5g) to eliminate the major highway project development finance plan and the study of major highway project passing lanes because both of these matters are already the subject of comprehensive reviews and analysis. Transportation finance was recently studied in an audit by the Legislative Audit Bureau, in a review by the legislatively mandated Transportation Finance Study Committee and in a bonding study commissioned by the Departments of Transportation and Administration. In addition, the Department of Transportation is continuously evaluating the need for passing lanes on highways with safety and capacity concerns and will continue to do so in the future.

I am partially vetoing sections 9149 (3g) and 9149 (3gh) to eliminate the reporting dates for the studies of value–based and horsepower–based registration fees and build–operate–lease or transfer agreements because the department needs additional time to conduct these studies due to the delayed budget enactment and administrative reductions. Instead, I am requesting that the department complete both of these studies by June 1, 1999. This will correspond with the due date of the highway bypass study that the Legislature directed the department to conduct.

33. Transportation Projects Commission

Sections 10q and 9149 (1h)

Section 10q prohibits the Transportation Projects Commission from making recommendations concerning the enumeration of additional major highway projects before November 15, 2002 and the Department of Transportation

from assisting the Transportation Projects Commission with any study or cost estimate on potential major highway projects before July 1, 1999. Section 9149 (1h) requires the Legislative Council to study the Transportation Projects Commission and the major highway project enumeration process.

I am vetoing section 10q because it restricts the Transportation Projects Commission from recommending for enumeration additional major highway projects that may be needed throughout the state. However, I understand the need for fiscal responsibility before enumerating new projects. For this reason, I did not veto the provision that prohibits the Transportation Projects Commission from recommending additional projects unless it is determined that construction on all major highway projects can be started within six years.

I am vetoing section 9149 (1h) because another study of this subject is unnecessary. Instead, I am requesting the Transportation Projects Commission to make recommendations on potential changes to improve the major highway project selection process.

34. Evaluation of Proposed Major Highway Projects

Sections 10g, 2476m and 9149 (2m)

These sections require the Department of Transportation to promulgate rules establishing a scoring system, including a minimum score, to evaluate proposed major highway projects. The initial rules must be submitted by April 1, 1998.

I am vetoing this provision because the department already utilizes a scoring system to rank proposed major highway projects. Promulgating rules is therefore unnecessary and would result in additional workload at a time when administrative resources are being reduced.

35. Appropriation Adjustments for Federal Aid Changes

Section 2471d

This section directs the Department of Transportation to submit plans for review and approval by the Joint Committee on Finance regarding appropriation adjustments necessary to address the actual levels of federal aid received by the department for fiscal year 1997–98 and thereafter. In the 1997–99 fiscal biennium, these plans must be submitted by December 1, 1997 and December 1, 1998, or 30 days after the applicable federal legislation for that fiscal year has been enacted, whichever is later.

I am vetoing this section because it unnecessarily limits the department’s authority to allocate federal funding to address program needs. The department must be able to react quickly to federal legislative and administrative changes that affect appropriation levels and distribution formulas. This provision would reduce flexibility in those areas and could potentially reduce the state’s ability to secure critical federal funding for transportation programs.

36. Marquette Interchange Design

Section 9149 (1gs)

This section allocates funding from the state highway rehabilitation appropriation for design work associated with reconstructing the Marquette Interchange in Milwaukee. In addition, it requires the Department of Transportation to coordinate this with design work associated with replacing the Sixth Street viaduct in Milwaukee.

I am partially vetoing this section to remove the requirement that the department coordinate the design of the Marquette Interchange and the Sixth Street viaduct projects because I do not feel that either of these projects should be delayed if the design timetables for the projects cannot be coordinated. In addition, the department already coordinates engineering activities with affected communities and will continue to do so during the design and construction of these two facilities.

37. Mobile Emissions Testing of Motor Vehicle Fleets

Sections 2691g, 2691m and 9149 (2mm)

These sections require the Department of Transportation to promulgate rules that prescribe a procedure for emissions testing of private fleet vehicles utilizing mobile testing equipment.

I am vetoing this provision because the costs and funding source for this program were not addressed. However, I support improvements that achieve business compliance with environmental regulations in a cost-effective manner. For this reason, I am requesting that the department study and make recommendations regarding options for implementing this proposal in the future.

38. Coordination of Stormwater Management Plans

Sections 491 and 2481mm

These sections require the Department of Transportation to consult with county land conservation committees when developing stormwater runoff plans, require the committees to approve these plans before a highway construction project commences and require the department to submit water drainage plans to the committees and pay for the review.

I am partially vetoing these sections to remove the provisions requiring approval of stormwater runoff plans, the review and funding of water drainage plans, and the requirement that the department determine the downstream impacts of stormwater runoff before and after highway construction. I am vetoing the required approval because it could slow down critical highway rehabilitation and development projects and result in higher costs. I am vetoing water drainage plan reviews because the reviews would create additional workload for county land conservation committees. In addition, the department should not be required to fund the review of these plans by another level of government. I am vetoing the requirement that the department determine the downstream impacts of stormwater runoff because it would create additional workload for the department.

The highway development process is already too long and costly. Adding another approval process would slow this development even further. However, I feel that county land conservation committees can provide valuable input on stormwater runoff and therefore I am maintaining the requirement that the department consult with county land conservation committees to determine the presence and extent of local practices to conserve soil and water resources within the county, including surface and subsurface drainage systems.

39. Innovative Safety Measures Pilot Program

Section 2481hi

This section requires the Department of Transportation to allocate \$250,000 annually from the state highway rehabilitation program to develop and administer an innovative safety measures pilot program to improve the safety of highways.

I am vetoing this provision because the department already has a program to fund innovative safety measures on highways. In fiscal year 1997–98, the department expects to institute approximately \$10 million in highway safety improvements through the Hazardous Site Elimination program. In addition, the development of administrative rules and other associated requirements of the proposed program could cost more than the level of funding allocated toward safety measures. I am extremely cognizant of the need for safety measures along dangerous stretches of highway, including USH 10. For this reason, I am requesting that the department work with concerned legislators and citizens to develop and implement effective safety measures along all highways, particularly those with identified safety concerns.

40. Interstate 94 Wayside Moratorium

Section 2471dm

This section prohibits the Department of Transportation from constructing new waysides along Interstate Highway 94. The provision would not prohibit the reconstruction of existing waysides in present locations.

I am vetoing this provision because it limits department flexibility in siting waysides along the state’s interstate highway system. In addition, this provision may not be cost–effective because it would prohibit the consolidation of waysides at new locations.

41. Amtrak Service Extension

Section 9149 (4g)

This section requires the Department of Transportation to negotiate with Amtrak regarding the extension of service to Madison and to report the results of these negotiations to the Joint Committee on Finance by April 1, 1998.

I am vetoing this provision because it creates an additional reporting requirement that increases workload at a time when department staffing levels and administrative funding are being reduced. Expansion of passenger rail service is dependent on financial and operating commitments from

Amtrak. These commitments are difficult to secure and will require continuous work with Congress and Amtrak regarding route development and financial support.

42. Transportation Aid Formula Changes

Sections 2486gy, 9149 (4h) and 9349 (3g)

These sections require that, starting in calendar year 2000, infrastructure work by local governments that is funded through special assessments be excluded as a reimbursable cost under the general transportation aid formula. In its 1999–2001 biennial budget request, the Department of Transportation is required to reduce bond proceeds used for the major highway program by an amount equal to the expected savings realized from this provision.

I am vetoing these sections because the impact of this provision on local governments is unclear. However, I do feel that this issue should receive further study. For this reason, I am requesting that the department review this matter and other possible changes that could improve the general transportation aid formula.

43. Contractor Liability Exemption

Section 3660g

This section specifies that individuals handling petroleum contaminated soil as part of highway construction contracts and in compliance with Department of Transportation contract directives, are exempt from certain remediation and reimbursement requirements.

I am vetoing this provision because it does not fully address contractor concerns regarding liability exposure. Contractors that meet contract requirements associated with removing contaminated soil, and are not negligent in their actions, should be protected from financial liability. I am requesting the Departments of Transportation and Natural Resources to work with contractors to seek a solution that reasonably limits contractor liability, while protecting the environment.

44. Lease of Assets

Section 2481L

This section requires the Department of Transportation to establish request–for–proposal procedures for the lease of property acquired for transportation–related purposes that has an annual lease obligation in excess of \$50,000.

I am vetoing this provision because it limits the department’s flexibility and establishes additional administrative procedures that could delay the leasing of property. In addition, it creates additional workload for the department at a time when department staffing levels and administrative funding are being reduced.

45. Temporary License Plates

Sections 3961p, 3971g, 3971h, 3971hb, 3972jm, 4036g, 9349 (9sm) and 9449 (8nm)

These provisions require local police departments to issue temporary license plates to state residents registering

automobiles, station wagons, or motor trucks having a registered weight of 8,000 pounds or less that have not been purchased from automobile dealers. These state residents may also obtain temporary license plates from the Department of Transportation.

I am vetoing these provisions because they would cause an additional administrative burden for local police departments throughout the state. State government should be trying to reduce local mandates, not increase them. However, I understand the concern that many individuals are not located near the department's motor vehicle service centers and therefore may have a difficult time obtaining temporary license plates. For this reason, I am requesting the department to review options for distributing temporary license plates to individuals who do not purchase vehicles from automobile dealers.

46. Replacement of State Highway Signs

Sections 169 [as it relates to s. 20.395 (3) (jq)], 494m, 1142m and 2486am

These sections require the Department of Transportation to establish administrative rules that allow the public to petition the department for the replacement of a sign on the state trunk highway system that has been damaged or is in need of replacement due to age. A successful petitioner may either pay a private firm to produce and replace the sign or pay the department for its replacement cost.

I am vetoing this provision because it creates an unnecessary administrative procedure at a time when administrative staffing levels and funding are being reduced. Individuals may already request that the department replace old or damaged state highway signs. A formalized procedure will delay the replacement of signs and create additional administrative costs.

47. Overweight Permit Exemption

Section 4180m

This section allows the Department of Transportation to issue annual or consecutive month permits for the transportation of bulk potatoes from storage facilities to food processing facilities in vehicles that exceed maximum gross weight limitations by not more than 10,000 pounds on USH 51 from STH 29 to STH 64 and on Interstate 39 from STH 29 to Interstate 90/94.

I am partially vetoing this section to eliminate the word "not" and the phrase "highways designated as part of the national highway system of interstate and defense highways, except on" because they are unnecessary. The bill only authorizes the issuance of this permit on USH 51 between Merrill and Wausau and on I-39 from Wausau to Portage. While this provision authorizes the issuance of this permit under state law, federal law prohibits the issuance of these types of permits. I did not eliminate the intent of this provision because federal law may be modified under the transportation reauthorization bill currently before Congress to allow this type of vehicle movement. If federal law is changed,

Wisconsin will be in a position to immediately allow these types of permits without further statutory changes.

48. Fees for State Patrol Services

Sections 499, 851, 2484 and 2484m

These sections allow the State Patrol to charge a fee to sponsors of special events, except Farm Progress Days, to recoup costs of providing security and traffic enforcement services.

I am partially vetoing sections 499, 851 and 2484 and vetoing section 2484m to remove the prohibition against charging sponsors of Farm Progress Days for security and traffic enforcement services because it is unfair to exclude individual groups from paying for these services. In [1995 Wisconsin Act 216](#), I vetoed a provision that would have prohibited the State Patrol from charging a fee to sponsors of this event. Many groups benefit from the enforcement and traffic safety services provided by the State Patrol at various events throughout the state. Unless the cost of this service is reimbursed, the primary traffic safety and enforcement duties of the State Patrol will suffer.

49. Sale of Motor Vehicle Records

Sections 5505, 5505g, 5505m and 5506

These sections require the Department of Transportation to report to the Joint Committee on Finance regarding the terms of any contract for the sale of accident and citation records and to also report if the contracted sale of these records reduced department revenues.

I am partially vetoing section 5505 and vetoing sections 5505g, 5505m and 5506 because these additional reporting requirements limit the department's authority to manage resources and increase workload at a time when department staffing levels and administrative funding are being reduced. A formal report to the Joint Committee on Finance was reasonable during the pilot stage of this program. However, ongoing reporting is unnecessary and is not a cost-effective use of scarce administrative resources.

C. HUMAN RESOURCES

BOARD ON AGING AND LONG TERM CARE

1. Ombudsman Program

Sections 96m, 169 [as it relates to s. 20.432 (1) (a)] and 2046m

Section 169 [as it relates to s. [20.432 \(1\) \(a\)](#)] appropriates \$22,800 GPR in fiscal year 1997-98 and \$91,500 GPR in fiscal year 1998-99 to fund 1.0 GPR FTE ombudsman position in fiscal year 1997-98 and 2.0 GPR FTE ombudsman positions in fiscal year 1998-99 for activities related to residential care apartment complexes. Although there is no language in the budget bill that authorizes this increase, the Legislature passed a motion and an amendment during its

budget deliberations to authorize these funds for the ombudsman program. Section 96m authorizes the positions at the Board on Aging and Long Term Care to carry out their activities in residential care apartment complexes and section 2046m requires the facilities to post in a conspicuous location a notice, provided by the board, of the name, address and phone number of the long term care ombudsman program.

I object to the expansion of the ombudsman program to residential care apartment complexes since these facilities are designed as home-like environments for the elderly and disabled. Thus, I am vetoing sections 96m and 2046m. By lining out the Board on Aging and Long Term Care's s. 20.432 (1) (a) appropriation and writing in a smaller amount that deletes \$22,800 GPR in fiscal year 1997-98 and \$91,500 GPR in fiscal year 1998-99, I am vetoing the part of the bill which funds the expansion of this program to residential care apartment complexes. I am also requesting the Department of Administration Secretary not to allot these funds. I am also requesting the Secretary not to authorize the 1.0 FTE position in fiscal year 1997-98 and the 2.0 FTE positions in fiscal year 1998-99.

HEALTH AND FAMILY SERVICES

2. Medical Assistance Program Benefits

Sections 169 [as it relates to s. 20.435 (5) (b), Medical Assistance Program Benefits], 1921 and 9123 (15s)

Decreased Federal Matching Rate. Section 169 [as it relates to s. 20.435 (5) (b), Medical Assistance Program Benefits] appropriates GPR funds in fiscal year 1998-99 for a change in the federal matching rate for Medical Assistance (MA). Now that the actual federal matching rate for fiscal year 1998-99 is known to be higher, the fiscal year 1998-99 budget can be reduced by \$5,704,600 GPR for MA benefits.

I am writing down the MA GPR appropriation because the federal matching rate will not decline as projected.

Supplemental Payments for Essential Access City Hospitals. Section 169 [as it relates to s. 20.435 (5) (b), Medical Assistance Program Benefits] contains an appropriation of \$123,400 GPR in fiscal year 1997-98 and \$124,100 GPR in fiscal year 1998-99 to increase total annual payments to essential access city hospitals (EACH).

This EACH program now receives \$4,400,000 (all funds) annually. I am writing down the MA appropriation to delete this increase because I object to the changed definition of an EACH that underlies this funding of the program. The original definition of an EACH is based on MA inpatient days as a percentage of total inpatient days. The new definition would rely on MA discharges as a percentage of total discharges and is a less accurate measure of total MA use. I am also requesting the Department of Health and Family Services (DHFS) Secretary to maintain the current definition of an essential access city hospital.

Hold Racine County Harmless for Labor Cost Reclassification. Section 169 [as it relates to s. 20.435 (5) (b), Medical Assistance Program Benefits] contains an appropriation of \$644,900 GPR in fiscal year 1997-98 and

\$671,700 GPR in fiscal year 1998-99 for the increased cost of maintaining Racine County as a high-cost labor region. Section 9123(15s) directs DHFS to consider Racine County to be a high-cost labor region for purposes of determining the MA reimbursement of nursing home costs.

I am writing down the MA appropriation to eliminate this increase because the increase would hold the nursing facilities in one particular county harmless from the effects of the labor-region changes.

I am vetoing section 9123(15s) because it directs DHFS to provide special treatment to the nursing facilities in Racine County. I am requesting the DHFS Secretary to review the recent revision of the labor regions to determine if a more broadly based technical adjustment is warranted.

Reestimate Cost of the Nursing Home Rate Increase. Section 169 [as it relates to s. 20.435 (5) (b), Medical Assistance Program Benefits] contains a reduction in s. 20.435 (5) (b) of \$2,031,900 GPR in fiscal year 1997-98 and \$2,169,800 GPR in fiscal year 1998-99 to reflect a reestimate of the cost of providing a rate increase to nursing homes. Section 1921 authorizes no more than a 5.4% increase over that paid for services in fiscal year 1996-97 in MA funds for nursing home care.

I am writing down the MA appropriation to reflect reductions of \$1,922,300 GPR in fiscal year 1997-98 and \$1,991,200 GPR in fiscal year 1998-99. I am also partially vetoing section 1921 to reduce the 5.4% increase to a 5% increase. The most recent information indicates that a rate increase of 5% will allow an adjustment of facility base rates and will meet appropriate industry cost increases.

By lining out the DHFS s. 20.435 (5) (b) appropriation and writing in a smaller amount that deletes a total of \$2,690,600 GPR in fiscal year 1997-98 and \$8,491,600 GPR in fiscal year 1998-99, I am vetoing the part of the bill which funds this program. I am also requesting the Department of Administration Secretary not to allot these funds.

3. Transfer of Medical Assistance Funds to COP

Section 1932m

This section provides for a potential transfer of funding from the Medical Assistance (MA) GPR appropriation to the community options program (COP), if the utilization of nursing home beds by MA recipients declines. Each year, the Department of Health and Family Services (DHFS) is required to submit a report by December 1st to the Joint Committee on Finance. Using the method specified in this section, the report must compare the use of beds in the most recently completed fiscal year to the use of beds in the prior fiscal year. Then, using the method specified in this section, the report must calculate the cost of that decline and propose a transfer of funds. The Joint Committee on Finance could approve and modify the proposal.

This section would prescribe a method that could result in a transfer of funds that have never been budgeted, or it could result in transferring funds to COP that could not be sustained in the following fiscal year. I am partially vetoing this section

to eliminate the overly prescriptive directives about this report and the potential transfer. This veto allows DHFS to develop a more fiscally prudent method for calculating any fiscal effect of decreased bed use and to determine the final dollar amount of any transfer. I am requesting the DHFS Secretary to consult with the Secretary of Administration in the development of this report and transfer amount.

4. Medical Assistance Dental Pilot Project

Section 1942m

This section directs the Department of Health and Family Services (DHFS) to develop a pilot project for the provision of Medical Assistance dental services under a managed care system. DHFS must seek any federal waivers necessary to implement this pilot. If these waivers are granted and if the pilot would be cost-effective, DHFS must implement the pilot project no later than January 1, 1998 and end it by June 30, 1999.

I am partially vetoing this section to delete the dates. The late passage of the 1997-99 budget will prevent DHFS from beginning such a project by January 1, 1998. This veto will allow DHFS to choose the starting and ending dates of this pilot project.

5. Badger Care

Section 1980p

This section creates a new health insurance program for low income families and requires the Department of Health and Family Services (DHFS) to promulgate all administrative rules required for the program no later than 60 days after receipt of the federal waivers that allow implementation of Badger Care.

I am partially vetoing this section to remove the requirement that DHFS promulgate these rules within 60 days because 60 days is not sufficient time to promulgate rules. I am requesting the DHFS Secretary to promulgate these rules as quickly as possible after receipt of the federal waivers and to use the emergency rules process if necessary.

6. Wisconcare

Sections 169 [as it relates to s. 20.435 (5)(gp) and (5)(kp)], 554b, 594m, 3010m, 3010p, 3011, 3011m, 3012 and 9223

These sections restructure the Wisconcare program, which provides basic health care to individuals in 17 counties with high rates of unemployment. Under the bill, the program would be made into a statewide, competitive grant program with services to be provided by nonprofit, community-based corporations. Funding would remain at \$1,500,000 PR per year except that in fiscal year 1997-98, an additional \$150,000 in carryforward revenue would be used to serve persons previously served under the existing program. The sections also move the existing appropriation organizationally between programs one and five within the Department of Health and Family Services (DHFS), create a

new appropriation in program 5 and direct a lapse from the moved appropriation to the general fund of \$725,900.

I am vetoing sections 3010m, 3010p, 3011, 3011m and 3012 because the restructuring of the program dilutes the effectiveness of the current program by spreading the funds across the state rather than focusing health care services provision on the 17 counties currently served. Further, as constructed, an unfunded mandate is created to serve those who are treated under the current program in the future. While minimal one-time funding is available in fiscal year 1997-98, no additional funds are provided after that. Finally, the creation of a grant program will lose the efficiencies gained under the current program. Currently, the DHFS fiscal agent, EDS, processes claims payments and disallows unauthorized costs, freeing up more funding for legitimate claims. I believe the existing program is properly targeted to areas of high unemployment, works well and should continue as under current law.

I am vetoing sections 169 [as it relates to 20.435(5)(gp) and (5)(kp)], 554b and 594m in order to retain the current program appropriation language.

I am vetoing section 9223 because it directs a lapse from an appropriation, which is eliminated in this veto. However, since the Legislature and I intend that accumulated funds be lapsed from this program to the general fund, I am requesting the Department of Administration Secretary to lapse \$725,900 from appropriation 20.435(1)(gp), which will be the appropriation that contains the funds, on the effective date of the bill.

7. HIRSP Program Conversion

Section 3026f

This section defines the parameters for the payment of plan costs under the Health Insurance Risk Sharing Plan (HIRSP) after the move of the program to DHFS on January 1, 1998. One provision requires DHFS to set premium rates, insurer assessments and provider payment rates for the period January 1, 1998 to June 30, 1998. I am vetoing this provision because it will not be possible for DHFS to complete the setting of these rates by January 1, 1998.

The other provisions in this section that redefine the HIRSP program are interpreted to mean that the new parameters need not be used until July 1, 1998, because the method of setting the rates will now not apply until the beginning of a plan year.

I am requesting DHFS to complete the rate setting procedure as quickly as possible. However, given the complexity added by the Legislature in not using the existing rates under Medical Assistance as I proposed and the late passage of the budget by the Legislature, the date of January 1, 1998 is unachievable.

8. County Support for County Residents

Section 2136

This section allows the Department of Health and Family Services (DHFS) to bill a county for part of the cost of an individual's care at one of the state centers for the developmentally disabled if an independent review has

shown that the person could be served appropriately in the community. This was created as an incentive for counties to support community placements in accordance with state and federal directives for deinstitutionalization. However, under the bill, a county can be charged \$48 per day only if the guardian or the individual's parents do not object to a community placement. I am partially vetoing this section to remove the reference to the objection of the guardian or the parent in order to maintain the fiscal incentive to counties to accept community placements. While many parents or guardians are initially opposed to placing their child or their ward in the community, DHFS has been very successful in working closely with parents and guardians to develop community placements which are acceptable to the parent or guardian and appropriate to the level of care the individual needs. By removing the reference to the objection of the guardian or parent, DHFS can continue to charge counties for part of the cost of care for those who could appropriately be placed in the community but who remain in the institution.

9. Supervised Release Placements

Sections 5491d and 5491y

These sections prohibit the Department of Health and Family Services (DHFS) from releasing a sexual predator into a county which contains a facility in which a predator was previously placed. I am vetoing these sections because, as written, the language can be interpreted more broadly than was intended and would severely limit the department's ability to place these individuals under supervision in the community. Under current law, a predator is placed on supervised release in that person's county of residence unless that county declines in which case DHFS must find another county which will accept the person. Predators cannot be released to either one of the two counties which currently have facilities in which the predators are housed unless that county is the person's county of residence. A broader interpretation implies that the predator could not be released into any county which had a facility in which the person was ever placed including other Division of Care and Treatment facilities or correctional institutions. This would make the already difficult process of placing a predator in the community all that much harder.

Although I am vetoing this language because it is subject to misinterpretation, I appreciate the need to address the problem of community placement for sexual predators and encourage the Legislature to revisit this issue and to propose language which will not be subject to misinterpretation.

10. Runaway Services

Section 1500m

This section requires the distribution of \$100,000 GPR in each fiscal year as grants to programs that provide services for runaways. I am partially vetoing this section to provide a total of \$100,000 GPR during the biennium because organizations currently receive federal funding from the state for this program. I am requesting the Department of Administration Secretary to place \$50,000 GPR in fiscal year 1997-98 and

\$50,000 GPR in fiscal year 1998-99 in unallotted reserve in appropriation s. 20.435 (7) (bc) to lapse to the general fund.

11. Milwaukee Child Welfare Services Site Selection

Section 9123 (1) (dz)

This section requires the Secretary of Administration, in consultation with the Department of Health and Family Services (DHFS), to submit a proposal for the selection of the five neighborhood-based child welfare service delivery sites planned for Milwaukee County to the Joint Committee on Finance (JCF) for the Committee's 14 day passive review. I am vetoing this section because the sites were already selected and the leases were signed prior to the motion action by JCF.

12. Alcohol and Drug Abuse Initiatives

Sections 169[as it relates to s. 20.435 (6) (gb)], 595m, 595n and 9423 (2g)

These sections change the alcohol and drug abuse initiatives appropriation from continuing to annual and specify that the Department of Health and Family Services (DHFS) must allocate at least \$112,500 PR from the appropriation for grants to local organizations that conduct community based programs to prevent alcohol and other drug abuse. Section 595m also transfers \$250,000 PR from this appropriation to Community Aids.

I am partially vetoing sections 169 [as it relates to s. 20.435 (6) (gb)], 595m and 9423 (2g) and vetoing section 595n to retain the appropriation as continuing. I want the department to have the flexibility available with a continuing appropriation, especially in light of the department's tight operating budget. Any increased funding from this appropriation must be approved by the Department of Administration.

I am also partially vetoing section 595m and vetoing section 595n to remove the stipulation that DHFS must allocate at least \$112,500 PR from the appropriation for grants to local organizations that conduct community based programs to prevent alcohol and other drug abuse. While I am sensitive to the concerns that exist regarding the level of grants funded for the Alliance for a Drug Free Wisconsin, I want the department to have some flexibility in using the funds, especially for local technical assistance which is of equal importance to the grantees. However, I am requesting the DHFS Secretary to annually award a minimum of \$94,000 PR in mini grants to local Alliances.

13. Compulsive Gambling Awareness Campaign

Sections 169 [as it relates to s. 20.435 (7) (kg)] and 1410g

Section 169 [as it relates to s. 20.435 (7) (kg)] provides \$100,000 PRS annually to the Department of Health and Family Services (DHFS) for compulsive gambling awareness campaigns. Section 1410g requires DHFS to provide grants to individuals or organizations in the private sector for the campaigns. Section 1410g also requires DHFS to annually develop a plan for awarding the grants and to submit the plan

to the Joint Committee on Finance for the Committee's 14 day passive review. I am partially vetoing section 169 [as it relates to s. 20.435 (7) (kg)] to provide \$100,000 PRS in fiscal year 1998–99 for compulsive gambling awareness campaigns. Future funding will be part of my compact negotiations with the Native American tribes. I am also partially vetoing section 1410g to delete the requirement that DHFS annually develop a plan for awarding the grants and submit the plan to the Joint Committee on Finance for the Committee's 14 day passive review. No resources were given to DHFS for this project and the 14 day passive review places an additional burden on the department in administering the campaigns.

14. Benefit Specialist Program

Section 169 [as it relates to s. 20.435 (7) (dj)]

Section 169 [as it relates to s. 20.435 (7) (dj)] appropriates \$1,160,000 GPR in fiscal year 1997–98 and \$1,160,000 GPR in fiscal year 1998–99 for the benefit specialist program. Although there is no language in the budget bill that authorizes this increase, the Joint Committee on Finance passed a motion during its budget deliberations to authorize increased funding this program. Of the funding appropriated, \$150,000 GPR annually was intended for a full time attorney trained in Indian Law and half time specialists for ten Native American Tribes.

I object to the funding for the full time attorney since I believe the tribes have the resources to employ their own attorney if needed for this program. By lining out the DHFS s. 20.435 (7) (dj) appropriation and writing in a smaller amount that deletes \$35,600 GPR in fiscal year 1997–98 and \$35,600 GPR in fiscal year 1998–99, I am vetoing the part of the bill which funds this program. I am also requesting the Department of Administration Secretary not to allot these funds.

15. Income Augmentation Funds

Section 1486m

This section requires the Department of Health and Family Services (DHFS), in consultation with the Department of Administration, to submit to the Joint Committee on Finance a plan for the use of the portion of excess Title IV–E, Medicare or Medical Assistance funds that are not allocated to counties or used exclusively for the operational costs of augmenting federal income. The plan could be approved and modified by the Committee.

I am partially vetoing this section to permit DHFS to implement the plan for the use of these funds after approval is granted by the Department of Administration Secretary. Most changes to federal appropriations can be approved by the Department of Administration Secretary. This veto will allow for the same level of review and oversight of this appropriation as is provided for other similar federal appropriations.

16. Department of Health and Family Services Studies

Sections 9123 (4t), 9123 (5) and 9123 (11mp)

Section 9123 (4t) requires the Department of Health and Family Services (DHFS), in conjunction with other state agencies, to study the correlation between the presence of wetlands and an increase in the number of cases of blastomycosis, which is a fungus infection creating lesions on the skin and lungs. I am vetoing this study because, for medical and scientific reasons, there is no reliable way to analyze this issue and there have been only 12 outbreaks of this disease in the United States since 1954. First, because of the highly variable incubation period, there is no way to tell where a person became infected. Second, staff have already noted that there is no apparent correlation between reported cases of the disease and the number of acres of wetlands in the county. Such a study is unnecessary.

Section 9123 (5) requires DHFS to conduct in–depth studies on the requirements for a statewide health insurance program for uninsured families and school–age children. Among other requirements under this section would be an evaluation of current Medical Assistance outreach efforts, a study on the cost effectiveness of expanding the medical income standard for children and a cost–benefit study of three different approaches to providing health services to these populations.

I am vetoing this section because it is unnecessary. The problems that prompted the request for this study will be addressed in the Badger Care program. Much of the work of this study has already been done as preparation for the budget and for the application for federal waivers for Badger Care. This veto deletes the requirement for the study.

Section 9123 (11mp) requires DHFS to study the feasibility of offering family insurance coverage under the HIRSP program which is an insurance program for high–risk individuals who cannot otherwise get insurance. I am vetoing the study requirement because the creation of Badger Care in this budget will extend insurance coverage to a significant number of children and families and another study is unnecessary.

INSURANCE

17. Chiropractor Liens

Sections 5165c, 5165m, 5165o, 5165q, 5165s, 5165u, 5165x, 9356 (9h) and 9456 (4z)

These sections allow chiropractors to file liens for services rendered against settlements of personal injury suits. Under current law, only charitable institutions which operate hospitals are eligible to file a lien against a person's settlement which recognizes the fact that they provide services to people who are unable to pay their bills and should be able to recoup payment if possible. I am vetoing these provisions because chiropractic practices are not charitable institutions that serve persons regardless of their ability to pay.

My administration has taken many steps to ensure that all health care providers are treated fairly by insurers and managed care organizations. On behalf of chiropractors and other health care providers, we continually review the

activities of insurers to guarantee equitable treatment. This language would separate chiropractors from other providers, the opposite of our shared goal since 1987. I would welcome the opportunity to work with chiropractors to advance an alternative approach to help them accomplish their objectives.

18. Insurance Mandate for Dental Coverage

Section 4930t

This section creates a mandate for the coverage of the correction of temporomandibular disorders in insurance policies. I am partially vetoing this section to eliminate from this mandate the specific inclusion of coverage of medically necessary surgery for the correction of functional deformities of the maxilla or mandible, because this language expands the scope of legislative intent beyond the correction of temporomandibular disorders in providing this coverage.

WORKFORCE DEVELOPMENT

19. Wisconsin Works (W-2) Participation in Technical College Courses

Section 1812w

This section allows a W-2 participant to count up to 15 hours of time spent attending technical college courses, including time spent traveling to and from classes, toward the work requirement of Community Service Jobs and W-2 Transition slots. This would be in addition to the 10 hours and 12 hours per week of education and training that are already allowed for Community Service Jobs and W-2 Transition positions, respectively.

I recognize the importance of education and training in an individual's move toward self sufficiency. In developing W-2, I ensured that opportunities for these activities were included in the participation requirements. I am vetoing this section because this change would significantly alter the focus of the W-2 program. The philosophy behind W-2 is that the first and best step that a person who applies for assistance can take is to obtain work experience. Immediate attachment to the workforce has proven to be a more successful approach to helping people obtain self-sufficiency than educational programs.

I do believe, however, that the technical colleges have an important role to play in W-2 and in helping people move forward in the labor market. By offering short-term, customized labor-training programs, technical colleges can help W-2 participants with little or no education or work experience get that "first" job. By offering flexible longer-term education and training programs that complement people's work experience and schedules, the technical colleges can help people take the next step, advancing their careers while supporting their families. This veto will retain W-2's focus on immediate workforce attachment for W-2 participants. As W-2 progresses, we will continue to examine the balance of work experience and education and training.

20. Grant for Second Parent

Sections 1820c and 1857p

These provisions require W-2 agencies to pay a grant of up to \$555 per month for required work activities to the "second" parent in a two-parent family under certain circumstances. First, both parents have to reside with the dependent child. Second, the "first" parent must be in a W-2 subsidized employment position. Third, the family must be accessing federally funded child care. Fourth, neither adult in the family may be disabled or caring for a severely disabled child. Combined, the two parents must be participating in 55 hours of required work activities to meet the federal work requirements.

I am partially vetoing these provisions because under W-2, similar to the Aid to Families with Dependent Children (AFDC) program, only one grant or wage subsidy is provided to each family, while both parents have an obligation to help support their family. Therefore, if the second parent is not staying at home to take care of the children and is consequently accessing federally funded child care, he or she should also be making progress in work activities. This veto will eliminate the requirement that each parent receive a type of subsidized employment grant.

21. Suspension of the Work Requirement for Parents of Disabled Children

Sections 1812e, 1812j, 1812k, 1812p, 1812t and 1812u

These sections specify that the W-2 work and education requirement of the W-2 Transition placement is suspended if the participant is a single parent of a disabled child and if the W-2 agency determines that he or she is needed in the home for at least 40 hours per week to provide care for the disabled child.

I am vetoing these sections because they create a mandatory exemption from the W-2 Transition work and education requirement that is unnecessary. I understand an exemption may be appropriate under some circumstances. However, W-2 agencies already have the flexibility to determine appropriate activities for individuals in W-2 Transition positions. These activities may include caring for a disabled child in the home. These provisions are too broad and could prevent a W-2 agency from requiring a parent to participate in activities which could lead to self-sufficiency during hours that the child is in school.

22. W-2 Dispute Resolution

Section 1831g

This section defines the Department of Workforce Development's (DWD) role in the W-2 dispute resolution process. DWD is required to give an opportunity for a fair hearing to any individual who petitions for a review of a W-2 agency decision. DWD also must allow the individual to present evidence and testimony and to be represented by legal counsel at the hearing. The individual also has a right to have access to the records pertaining to their case prior to the hearing.

I am partially vetoing this section because the department's role in the W-2 dispute resolution process was intended to primarily be a desk review of the case file. I believe a formal fair hearing for each contested case is duplicative of the W-2 agency's efforts and will unnecessarily lengthen the time it takes to resolve disputes. The W-2 agency is already required to convene a fact-finding session as the first level of review. At this level, a W-2 participant may appear with a representative, present his or her arguments and documents and ask questions of agency staff. If the department or its designee, the Department of Administration's Division of Hearings and Appeals, determines the file provided by the W-2 agency is inadequate, it has the authority to access additional information. This may be done informally or through a hearing. With this partial veto, I am preserving a dispute resolution process which is fair while less formal and legalistic than the AFDC "fair hearing" process.

23. Plan on State Funding of Tribal TANF Programs

Sections 627, 627b and 1857o

These sections require the Department of Workforce Development (DWD) to develop a plan for making state funded payments to any Wisconsin Indian tribe which operates a tribal economic support program under the federal Temporary Assistance for Needy Families (TANF) program. The plan must include certain requirements for the tribal economic support program. These requirements must be similar to the W-2 program. The department is required to submit the plan to the Joint Committee on Finance no later than January 1, 1998.

I am partially vetoing sections 627 and 627b and am vetoing section 1857o because I do not believe state funds should be used to support economic support programs over which the state has no jurisdiction or control. The tribes operating their own programs under TANF had an opportunity to administer the W-2 program and chose not to primarily because they want to follow a different path than W-2. It is not clear that the requirements that they operate a program "similar" to W-2 will be sufficient to justify the use of state dollars. This veto will eliminate the requirement that DWD submit such a plan to the Joint Committee on Finance.

24. Legislative Council Study on Child Care

Section 9132 (7h)

Under this provision, the Joint Legislative Council is requested to conduct a study of the appropriate statutory limits on the number of children for whom different types of child care providers in this state may provide care, and on the amount of training and education appropriate for these different types of providers.

I am vetoing this provision because these issues have been studied extensively over the years by the Department of Health and Family Services, the Department of Workforce Development and the Legislature. The Joint Legislative Council alone has reviewed child care regulation three times

in 16 years. In addition, child care regulation was reviewed extensively in the last two years as the W-2 legislation was developed and proceeded through the legislative process. While this study is unlikely to produce any new recommendations, it will divert staff resources in both departments at a time when it is more important to focus on ensuring that the existing child care regulation system is working properly and that sufficient capacity is being developed to meet the needs of every W-2 participant.

25. Waiver of Food Stamp Work Requirement

Section 1749m

This section requires the Department of Workforce Development (DWD) to request and implement a waiver from the Secretary of the United States Department of Agriculture to waive the work requirements under the food stamp program for certain able-bodied, childless adults, if they reside in an area with an unemployment rate greater than 10 percent or if the department determines there are insufficient jobs. The department is also required to evaluate independent studies regarding job scarcity or lagging job growth in any area. If there is a substantial likelihood that either of these conditions apply, the department is required to seek and implement a waiver for that area.

I am vetoing this section because, with the strength of Wisconsin's economy, I do not believe there are many areas in the state that meet these criteria that are not surrounded by communities with an abundance of employment opportunities. In addition, the work requirement is only 20 hours per week and in those rare circumstances where a person has tried and simply cannot find employment, the department has the authority, as a result of language in the recently passed Federal Balanced Budget Act of 1997 (Public Law 105-33), to exempt individuals on a case-by-case basis. This veto will provide DWD flexibility to deal with unique circumstances in certain areas of our state without applying for a waiver from the work requirement for an entire geographic area.

26. Supplemental Security Income (SSI) Caretaker Supplement Effective Date

Section 9123(3)

This provision directs Department of Health and Family Services (DHFS) to make a payment under section 49.775(2) of the statutes to the SSI custodial parent of a child who received AFDC on the later of the effective date of the budget bill or the first day of the first month after the individual's regularly scheduled reinvestigation.

I am vetoing this provision in order to allow DHFS, effective upon passage, to make the SSI Caretaker Supplement payment in lieu of the AFDC payment for the dependent child. The budget does not include funding for the AFDC payments of these children beyond August 1997. In addition, transferring all of these cases from the AFDC program to the SSI Caretaker Supplement program at one time will significantly decrease workload and administrative costs for DHFS.

27. Sunset of the Student Eighteen Year Old Aid Program

Section 1873f

This section specifies that no aid may be paid for the student eighteen year old aid program after the first day of the sixth month after the start of W-2 (September 1997). It was my original intent to end this program at the same time W-2 started. Therefore, I am partially vetoing this section so this program sunsets upon the first day of the month after the implementation of W-2. The Department of Workforce Development need not try to make any recoveries for benefits paid for the month of October.

28. Vocational Rehabilitation Case Service Aids

Section 1548m

This section directs the Department of Workforce Development (DWD) to amend the state Vocational Rehabilitation plan under 29 USC 721 to include a grant program for the establishment, development and improvement of non-profit Community Rehabilitation Programs. Community rehabilitation programs would be required to provide a 25 percent match to receive funding under this program.

I am vetoing this section because, while the intent of this provision has merit, the section does not provide the department with the flexibility it needs to design a grant program which takes advantage of the capabilities of community rehabilitation programs, is fully integrated with the state Vocational Rehabilitation plan, is consistent with applicable federal regulations and meets the needs of citizens eligible for vocational rehabilitation services. Furthermore, under current law the department already has the authority to enter into agreements with community rehabilitation programs to accomplish the intent of this provision.

D. JUSTICE

CORRECTIONS

1. Studies, Reports and Requirements

Sections 9111 (3g), 9111 (3v), 9111 (3x) and 9132 (1k)

These sections require the Department of Corrections (DOC) to:

- Design and propose funding for a secure juvenile detention facility in northwestern Wisconsin and submit a report on the design and funding to the Joint Committee on Finance (JCF) by March 1, 1998.
- Conduct an evaluation of the use of federal correctional facilities to house Wisconsin prisoners and submit a report to the JCF by March 1, 1998.
- Submit the results of any consultant's study on the reengineering of information systems in DOC to the Joint

Committee on Information Policy for approval prior to implementation.

- Submit a plan for review and approval to the JCF regarding proposed revenues and expenditures for the private businesses and prison employment program during the 1997-99 biennium by February 1, 1998.
- Submit a joint plan in conjunction with the Department of Administration for review and approval of the JCF regarding the distribution of assets and liabilities between the prison industries program and the private business program in DOC by February 1, 1998.

I am vetoing these sections because of insufficient time to meet the reporting dates and the heavy additional workload these obligations impose on the department which already has a substantial number of major correctional issues to address in the 1997-99 biennium. However, I am requesting DOC to update its previous study on a secure juvenile detention facility in northwestern Wisconsin and provide the results to the members of the JCF. Additionally, I have asked the department to continue to keep members of the JCF informed on issues related to federal contract beds and members of the Joint Committee on Information Policy updated on the development of DOC information systems. The department is eager to share information and answer any legislative inquiries but the above requirements would create substantial demands on the department at a time when budgets are constrained.

2. Private Industry/Prison Employment Program

Sections 513m, 3909b, 3909m, 3910ce, 3910cf and 9111 (5c)

These provisions make the following changes to the private industry/prison employment program:

- Create a separate appropriation for private business employment of inmates and prohibit expenditures for construction or purchase of equipment from the private business appropriation without Joint Committee on Finance (JCF) approval.
- Limit the Department of Correction's (DOC) ability to purchase equipment for use by a private business.
- Authorize the Prison Industries Board to suspend manufacture, provision or sale of a product or service.
- Require DOC to define "displacement" by rule and make a determination that workers will not be displaced before entering into a contract with a private business.
- Prohibit the expansion of the scope of products or location of prison industries without the approval of the Prison Industries Board and a public hearing.

I am vetoing these provisions in whole or in part because they impose unnecessary restrictions on the ability of the executive branch of government to operate private industry and prison employment programs as efficient and cost-effective business operations.

By vetoing the provision requiring DOC to define "displacement" by rule, I am avoiding making a rule which

may conflict with the federal Prison Industries Enhancement Program (PIE) definition of displacement. I am requesting DOC to consult with the Prison Industries Board to address this issue upon completion of the federal Department of Justice's 1997 audit of the prison employment program.

Specifically, I am partially vetoing the portion of section 513m which prohibits expenditures for construction of buildings or purchase of equipment without JCF approval. I am also partially vetoing the portion of section 3909b which restricts the purchase of equipment and authorizes the Prison Industries Board to suspend the manufacture, provision or sale of a product or service. I am vetoing in whole all of the remaining sections.

3. Secure Inmate Work Program

Sections 3910g, 3913g and 9411 (1t)

These sections repeal the secure work program for inmates effective July 1, 1998. I am vetoing these sections to restore the secure work program as a permanent part of Wisconsin's correctional programs. Maintaining the secure inmate work program gives the Department of Corrections the required programming flexibility necessary to operate the correctional system effectively and efficiently.

4. Transfer Authority Relating to Juvenile Placements

Section 5268

This section authorizes the transfer of a juvenile age 15 and over from Lincoln Hills or Ethan Allen School to the Racine Youthful Offender Correctional Facility (RYOCF) only if the juvenile has been placed in the serious juvenile offender program, is subject to the extended jurisdiction of the juvenile court or has been convicted under original adult court jurisdiction. I am vetoing these restrictions on transfers to the RYOCF to allow the Department of Corrections (DOC) to operate the Lincoln Hills and Ethan Allen schools more effectively for the treatment and rehabilitation of youthful offenders. This partial veto will allow the Office of Juvenile Offender Review (OJOR) to transfer any juvenile age 15 or over from Lincoln Hills or Ethan Allen School to the RYOCF if, considering such factors as whether and to what extent the youth's conduct is violent and disruptive and the youth is refusing to cooperate or participate in the treatment programs provided, OJOR determines that the conduct of the juvenile presents a serious problem to the juvenile or others. However, it is my intent that the highest priority for placements at RYOCF be given to the juveniles that have been either (1) placed in the serious juvenile offender program, (2) subject to the extended jurisdiction of the juvenile court, or (3) convicted under original adult court jurisdiction.

5. Youth Aid Sum Sufficient Appropriation

Sections 169 [as it relates to s. 20.410 (3) (cd)] and 514m

These sections provide that the unencumbered balance of the serious juvenile offenders appropriation at the end of each fiscal year shall be transferred to the community youth and

family aids appropriation, for supplemental distribution to counties by the Department of Corrections. Further, the community youth and family aids appropriation is changed from an annual sum certain appropriation to a sum sufficient appropriation equal to the amounts in the schedule plus the amounts transferred from the serious juvenile offenders appropriation.

I am partially vetoing these sections because I do not believe it is necessary for the community youth and family aids appropriation to be sum sufficient. By partially vetoing these provisions, the community youth and family aids appropriation will return to a GPR annual sum certain appropriation, limited to the amounts in the schedule, plus any unencumbered balance from the serious juvenile offenders appropriation.

6. Juvenile Justice Report

Section 9111 (4t)

This provision requires the Department of Corrections to evaluate the impact of the 1995 juvenile code changes and declining juvenile correctional populations on state and county costs of juvenile corrections and youth aids funding. Further, the Department of Corrections is required to submit a report to the Governor and the Joint Committee on Finance by March 1, 1998, which provides recommendations for funding state juvenile correctional care, including the possible reallocation or reduction of facility care costs if populations continue to decline.

I am partially vetoing this provision to remove the required date of March 1, 1998, to ensure that the Department of Corrections has adequate time to thoroughly analyze these issues and prepare the report. Although I am vetoing the date, I am requesting that the Department of Corrections make every effort to ensure the report is completed and submitted to the Governor and to the Joint Committee on Finance at the earliest possible date.

COURTS

7. Prison Impact Assessments

Sections 3m and 9101 (4t)

These sections provide \$26,600 GPR in fiscal year 1997-98 and \$42,800 GPR in fiscal year 1998-99 and 1.0 GPR FTE research analyst position annually and require the Director of State Courts to prepare a prison impact assessment for any bill that creates a felony or modifies the period of imprisonment for a felony. Section 3m requires the Director of State Courts to prepare a prison impact assessment for any bill or, if requested, for any bill draft that creates a felony or modifies the period of imprisonment for a felony. Section 3m also requires the Director of State Courts to prepare an annual report reflecting the cumulative effect of all relevant changes in the statutes taking effect during the preceding calendar year. Further, section 3m requires the Department of Corrections and the circuit courts to provide the Director of State Courts with information to assist the Director in preparing the assessments. Finally, section 3m provides that no public hearing before a standing committee may be held

and no committee vote may be taken regarding any bill or bill draft unless the assessment has been prepared. Section 9101 (4t) provides that the Department of Administration shall transfer all records of the Sentencing Commission to the Director of State Courts.

I am vetoing entirely sections 3m and 9101 (4t) to remove these provisions from the bill. While I recognize the need to improve our ability to estimate the fiscal ramifications of proposed legislation on our criminal justice system, it is not apparent that the courts are in the best position to collect the necessary data or examine all the issues involved. The effect of this veto will be to reduce expenditures in the sum sufficient appropriation under s. 20.680 (2) (a) by \$26,600 in fiscal year 1997–98 and by \$42,800 in fiscal year 1998–99. I am requesting the Department of Administration Secretary to reestimate expenditures by these amounts and I am also requesting the Secretary not to authorize the 1.0 FTE research analyst position.

JUSTICE

8. DOJ Representation in Clouded Title Cases

Sections 642q, 3092c, and 3094g.

These provisions allow the Department of Justice to represent any public official, a member of the public official's immediate family, or a family corporation in a proceeding to clear title to real property that has been clouded by the false, fraudulent or frivolous filing, entry or recordation of any instrument relating to title.

I am vetoing these sections entirely for two reasons. First, while the bill does not appropriate any money for the department in the 1997–99 biennium, it does open the door for significant GPR expenditures in future biennia. These provisions were not debated thoroughly enough to determine the extent of the problems public officials face or the extent to which the department would represent public officials. Second, I am not convinced that the state is the appropriate entity to provide legal representation in all of these matters. While I support the concept of these provisions, I believe these issues should not be included in the state budget and instead should be considered as separate legislation.

9. Collection of Delinquent Obligations

Section 3096m

This section broadens the authority of the Department of Justice to recoup reasonable and necessary legal expenses in matters involving the collection of delinquent obligations.

I am vetoing this section entirely because I am concerned about the duplication among the Department of Justice (DOJ), Department of Administration (DOA) and the Department of Revenue (DOR) regarding the collection of delinquent obligations. Under 1995 Wisconsin Act 27, the Department of Justice was required to “monitor bankruptcy cases filed in bankruptcy courts in this state and other states, notify departments that may be affected by those bankruptcy cases, and represent the interests of the state in bankruptcy cases and related adversary proceedings” (s. 165.30(2) Wisconsin

Statutes). Further, 1995 Act 27 enabled DOJ to recoup its legal expenses associated with collecting debts owed to the state by persons or legal business entities which have declared bankruptcy. These provisions were intended to be a self-supporting program revenue function limited to bankruptcy-related matters. All other legal expenses DOJ incurs related to representing agencies in delinquent obligation matters under s. 165.25, Wisconsin Statutes, are funded with general purpose revenue through appropriation s. 20.455 (1)(d), Legal Expenses. I am concerned that section 3096m would expand not only DOJ's ability to recoup its legal expenses, but its level of involvement in acting as collection agent for the State of Wisconsin.

DOA has entered into contractual agreements with private collection agencies to manage the collection of obligations owed to the state. I am pleased with the progress DOA has made in helping agencies collect delinquent obligations. By vetoing this section I am maintaining current law which limits the Department of Justice to recouping its legal expenses while representing the state in delinquent obligation collection matters to those cases involving bankruptcies.

The collection of obligations owed to the State of Wisconsin is a serious matter. For this reason, section 9143(6g) of the bill directs DOR to conduct a study on centralized debt collection for state government and report its findings to the Joint Committee on Finance. Until the conclusions of this study are released, I am not comfortable expanding DOJ's involvement in the collection of delinquent obligations. In the meantime, I am hopeful DOJ will continue to work with DOR to maximize the state's efforts to collect delinquent obligations in cases involving bankruptcy. The remainder of the state's collection activity should stay with DOA and DOR.

10. Attorney for Legal Services

Section 169 [as it relates to s. 20.455 (1) (a) and s. 20.455 (1) (d)]

This provision authorizes an additional \$49,800 GPR in fiscal year 1997–98 and \$59,000 GPR in fiscal year 1998–99 in s. 20.455 (1) (a), General Program Operations, and an additional \$7,500 GPR in fiscal year 1997–98 and \$10,000 GPR in fiscal year 1998–99 in s. 20.455 (1) (d), Legal Expenses, for 1.0 GPR FTE project attorney position in the Department of Justice to litigate cases between the State of Wisconsin and Native American tribes residing in the state. Although there is no language in the budget authorizing this funding and the additional position authority, motions passed by the Joint Committee on Finance increased the above appropriations for this purpose.

I am partially vetoing this section because I do not believe an additional attorney position in the Department of Justice to litigate these matters is necessary. The department has represented the State of Wisconsin in these matters successfully thus far without negatively affecting the state's position in any other case in which it participates. I am not convinced that litigation of cases related to Native American tribes will increase enough during the 1997–99 biennium to warrant adding a position for this purpose. My partial veto retains funding for the 4.0 GPR FTE project attorney positions provided in the bill to handle the prosecution and

appeal of cases involving persons committed under Wisconsin's sexual predator statutes.

By lining out the department's appropriations under s. 20.455 (1) (a) and 20.455 (1) (d) and writing in smaller amounts, I am vetoing the part of the bill which funds this provision. I am requesting the Department of Administration Secretary to not allot \$49,800 GPR in fiscal year 1997-98 and \$59,000 GPR in fiscal year 1998-99 in s. 20.455 (1)(a), General Program Operations, and \$7,500 GPR in fiscal year 1997-98 and \$10,000 GPR in fiscal year 1998-99 in s. 20.455 (1)(d), Legal Expenses. I am also requesting the Secretary to not authorize the 1.0 FTE attorney position.

11. Hazardous Substance Cleanup Study

Section 9131 (1t)

This section requires the Department of Justice to review the effectiveness of the flexible enforcement process used by the Department of Natural Resources for securing compliance with the state spills law.

I am vetoing this section since the Department of Justice does not perform routine evaluations of program effectiveness. The section merely clarifies and codifies a process the department has been using as a means of maximizing environmental compliance while reducing costly litigation. As such, a comprehensive review is unnecessary and would direct scarce resources toward the study of an accepted and successful process.

E. STATE GOVERNMENT OPERATIONS

VETERANS AFFAIRS

1. Payment of Deceased Veterans' Loan Obligations

Section 1373m

This provision eliminates the obligation of a veteran or his or her guarantor of a consumer or personal loan from repaying the loan if the veteran dies after the effective date of the budget bill and if the veteran's estate is not sufficient to cover the outstanding balance on the loan.

I am vetoing this provision because the party that would benefit from repayment of a veteran's loan would be the guarantor of the loan, who may not be a veteran. The veterans trust fund was established to provide benefits and services to veterans. As a result of the provision, the veterans trust fund asset base would be substantially decreased in order to forgive loan repayments of deceased veterans, and thus, limit the benefits available to veterans in the future.

ADMINISTRATION

2. Release of Public Records

Sections 155g, 155j, and 9356 (9f)

These sections provide that unless otherwise specified by law, no custodian of a public record has to notify an individual who is the subject of a public record request prior to providing the record, and no person has the right to sue a custodian of a public record to compel the custodian to withhold any information contained in a record.

I am vetoing these provisions because the issue of open public records should be presented and argued before the Legislature in a free and open public deliberation. These provisions are non-fiscal and non-budgetary and should be instead debated publicly as a separate bill. I would be glad to work with the advocates of this provision on legislation that would preserve the spirit of our open records law.

3. Administrative Reporting Requirements

Sections 117s, 123mk, 123n, 123r, and 9301

These provisions require the Department of Administration to do the following:

- Verify and record the country of origin for each motor vehicle purchased for any agency.
- Report to the Legislature no later than January 15 of each odd-numbered year on the costs and benefits of the state's master lease program.
- Promulgate rules for securing sponsorship of state publications which shall be applied to all agencies.

I am vetoing all of these provisions because I object to the degree of legislative oversight of agency operations which this implies and to the additional workload demand this imposes on the department at a time when budgets are constrained.

4. Information Technology Services Appropriation

Sections 169 [as it relates to s. 20.505 (1) (kL)] and 670r

These provisions convert the information technology services appropriation from a continuing appropriation to an annual appropriation.

I am vetoing these provisions because an annual appropriation will prevent the Division of Information Technology Services from ensuring the state's systems are functioning with adequate response times by providing capacity for any workload changes, specifically those associated with the KIDS child support system and the CARES economic support system. Annual program revenue appropriations do not allow the division to guarantee system availability or to produce cost savings in a technological market.

5. Large Information Technology System Oversight

Sections 143n and 9101(11g)

These provisions require the Department of Administration to submit, semiannually, a joint report to the Joint Committee on

Information Policy and the Joint Committee on Finance that identifies and describes all existing or planned projects for information technology system development or procurement that will have a total cost to the state exceeding \$1,000,000 in the current or any succeeding fiscal biennium.

I am vetoing these provisions because they create an unnecessary duplicative requirement for agencies which currently report all information technology projects in planning and development or procurement through the annual strategic planning process. The provisions also create additional agency workload at a time when staff and funding are being reduced.

6. Performance-Based Budgeting Pilot Program

Section 9156 (5m)

This provision requires the Departments of Transportation, Workforce Development, Natural Resources, Health and Family Services, Corrections and the TEACH Board to submit agency budget requests for the 1999–2001 biennium on a performance-based budget basis. Further, it requires that each of the agencies, under the direction of the State Budget Office, develop program outcome measures and associated budget requests for the agencies' programs. Program outcome measures must be submitted to the State Budget Office for approval by July 1, 1998.

I am partially vetoing the requirement for performance-based budgets for all specified agencies except the Department of Transportation and the TEACH Board. I am supportive of the concept of performance-based budgeting, but believe the pilot should be phased in with fewer agencies in order to be implemented more effectively. The other enumerated agencies have undergone major reorganizations in the last two biennia and would not be appropriate for a pilot at this time. Preparing budget requests in a new format will be a time consuming, additional responsibility at a time when agency resources are being reduced. However, the Department of Administration will evaluate and monitor the pilot program and may expand performance-based budgeting to other agencies in future biennia.

7. Biennial Budget to Budget Comparisons

Sections 105p, 105q, 105r and 105t

These provisions require the Department of Administration, when preparing the biennial budget executive summary, to provide both a comparison of the base level of appropriated funding for the current biennium with the Governor's proposed level of appropriations for the forthcoming biennium and a comparison of the estimated level of actual expenditures for the current biennium with the Governor's proposed level of appropriations for the forthcoming biennium.

I am vetoing these provisions because it is more meaningful to present annual increases in revenues and expenditures and to present the proposed budget increases compared to the last year of the current biennium. In addition, compiling the

information for the executive summary in a new format will create still another budget presentation format at a point in the process when timing is key in distributing and announcing Governor's recommendations to the Legislature and the public.

**LAND INFORMATION BOARD/
WISCONSIN LAND COUNCIL**

8. Geographic Information Systems Authority

Section 133c

This provision allows the Department of Administration to develop and maintain geographic information systems (GIS) relating to land if legislation to fund the activity is enacted and the department submits a report to the Joint Committee on Finance explaining use of this authority.

I am partially vetoing this provision to remove the requirement to enact legislation and Joint Committee on Finance oversight because these requirements would delay implementation of this important project. GIS allow the correlation of data necessary in the development of local and statewide land use policy, and I want to ensure that this information be available to land use decision makers as quickly as possible.

STATE BUILDING PROGRAM

9. Local Inducements for State Building Projects

Section 2198m

This provision creates an exception to the current law that prohibits a town, village, or city from making an appropriation or bonus of any kind, incurring a liability or levying a tax as an inducement for the state to locate a public institution. The exception allows municipalities to make a donation of land.

I am partially vetoing the words "of land" to eliminate the restriction on the type of donation that municipalities can provide as an inducement for the state to locate a public institution in a specific locality. The ability to donate these types of services should be a local decision and not restricted by state law.

10. State Fair Park Board Program Revenue Authority

Section 740bs

This provision reduces the program revenue supported borrowing for utility improvement and other maintenance projects for the park.

I am vetoing this provision to provide the bonding authority necessary to support the State Fair Park's share of utility improvement and other maintenance projects for the park and to provide the Building Commission with flexibility on funding of the improvements.

11. Nash Auto Museum

Section 9107 (12zt)

This provision enumerates \$1,000,000 as the state's contribution toward the construction of the Nash Auto

Museum at Kenosha. The provision further provides that the Building Commission give priority to funding the museum project over funding of unenumerated minor projects. In addition, the provision states that the Department of Administration shall not supervise any services or work for the project and eliminates any approval made by the Governor or secretary on the project.

I am partially vetoing the provision that requires priority funding of the museum project because the funding is targeted for much needed maintenance of state-owned facilities and a new project should not take priority over maintaining the state's investment in its existing facilities. I also am partially vetoing the elimination of the Department of Administration's oversight of the services and work performed on the project and the elimination of my gubernatorial approval of the project. Since the state is making a significant investment towards the museum, it is only proper that it maintain some oversight and approval of the project.

12. UW–Center Moveable Equipment Acquisition

Section 123m

This section provides that the Department of Administration shall not require the Board of Regents of the University of Wisconsin System to acquire moveable equipment for the University of Wisconsin–Center System under a master lease.

I am vetoing the provision because it is too restrictive and because it is unnecessary, since full funding for moveable equipment was provided in the 1997–99 biennial budget for the UW–Center System. The veto allows the UW–Center System to utilize master lease as an option when bonding is not appropriate or available.

13. Surety Bonds for Public Works Contracts

Sections 5163e and 5163m

These provisions allow state or local units of government to waive bond requirements for projects between \$10,000 and \$25,000, if the state or local government unit has developed written criteria as to what projects would require a bond to be submitted and the state or local government unit guarantees payment to any subcontractors on the project and all those who have claims for labor on the project. A bond would be required for state and local projects in excess of \$25,000. Bond requirements would not apply to the contract for the direct purchase of material by the state or local unit of government.

I am partially vetoing the requirement of a bond for projects in excess of \$25,000 because the state can potentially save millions of dollars from very large projects where it has the authority to waive bonds. Since I took office, the state has paid \$14,200,000 for surety bonds. During the same time frame, the state has recovered less than \$100,000 in settlement payments. In addition, a veto provides the Building Commission with the flexibility to determine the type of security necessary given the specific needs of each project. The decision to obtain surety bonds for local projects should

be a local decision and not mandated by the state. The requirement that written standards be established provides the department, boards, and bodies the assurance that adequate guarantees are in place to successfully complete the projects.

OFFICE OF THE LIEUTENANT GOVERNOR

14. Elimination of Certain State Government Boards, Councils and Commissions

- **Metallic Mining Council**

Sections 67q; 3636m; 3636p; 3730m; and 3730p.

- **Council on Affirmative Action**

Sections 59m; 695n; 3290p; and 3316e.

- **Depository Selection Board**

Sections 26m; 50m; 744e; 744m; 744s; 747m; 840m; 1150c; 1150g; 1150L; 1150p; 1150t; 1150x; 4291t; 4677m; and 9101(13m).

The Legislature adopted most of the recommendations made by the Lieutenant Governor to eliminate unnecessary government bodies. Repealing 50 councils, boards or commissions is a significant achievement and, with three exceptions, I support these actions.

The Metallic Mining Council, the Council on Affirmative Action, and the Depository Selection Board are making what I consider to be relevant contributions and should be retained. By my veto I am removing these three entities from the list of government bodies being repealed.

DEPARTMENT OF EMPLOYMENT RELATIONS

15. Investigations Relating to Code of Ethics Violations

Section 3308m

This section requires the Administrator of the Division of Merit Recruitment and Selection in the Department of Employment Relations to establish, by rule, procedures that state agencies should follow in the investigation of alleged violations of the code of ethics. The department would further assume investigatory and disciplinary responsibilities if it were determined that a state agency was not following the prescribed rule.

I object to this change because I believe that existing laws and agency compliance with them are adequate. These additional requirements will not improve the quality of investigations of agency or employe misconduct or of the corrective actions being taken. I am therefore vetoing this provision.

16. Audit of Public Employe Training Functions

Section 9132 (1g)

This section requests the Joint Legislative Audit Committee to perform a financial and performance audit of the public

employ training functions in the Department of Employment Relations.

The Audit Committee is fully able to decide which agency programs it wishes to review. This request in the budget bill is therefore unnecessary and I am vetoing it.

DISTRICT ATTORNEYS

17. WRS Service Adjustments to Milwaukee County District Attorneys

Sections 169 [as it relates to s. 20.475 (1) (d)], 652z, 1315b, 1315c, 1317m, 2693mm, 5485c, 5485g, 5485n, 5485r, 5485w and 9316 (2q)

The biennial budget grants prior service credit for certain Milwaukee County assistant district attorneys for years earned under the Milwaukee County Retirement System which did not carry over as credit in the Wisconsin Retirement System when these positions became employees of the state. The associated unfunded liability is to be paid off over a ten year period through annual deductions in fringe benefit cost reimbursements to Milwaukee County from the appropriation under s. 20.475(1)(d). The Legislature also appropriated one-time funding of \$50,000 GPR each year in this appropriation to help offset the reduction in payments to Milwaukee County.

I object to these provisions because they create an additional burden on the property taxpayers of Milwaukee County without providing an opportunity for them to be heard through the public hearing process. I also object to the use of state funds in the disposition of this matter. Milwaukee County has raised concerns about these provisions. I am therefore vetoing these provisions in their entirety. By lining out the District Attorneys s. 20.475 (1) (d) appropriation and writing in a smaller amount to delete the \$50,000 in fiscal years 1997-98 and 1998-99, I am vetoing the part of the bill which funds the one-time subsidy. I am also requesting the Secretary of the Department of Administration not to allot the associated dollars.

RETIREMENT RESEARCH COMMITTEE

18. Required Reports

Section 9132 (1h) and (4z)

These provisions request the Retirement Research Committee to conduct two studies and make reports on: (1) the feasibility of reopening the variable retirement investment trust to participants in the Wisconsin Retirement System (WRS); and (2) the extent to which participants in WRS are currently receiving both a salary from a participating employer in the WRS and an annuity from the WRS.

I object to these requests being elements of the biennial budget bill. There are other more appropriate legislative avenues available for pursuing these policy issues which will ensure a broader opportunity for input by interested parties. I am therefore vetoing both provisions.

GENERAL PROVISIONS

19. Delegation of Pension Fund Investment Authority

Section 2198 v and w

These sections permit the Milwaukee public school district to delegate the investment authority over any of its funds not immediately needed and held in trust for its qualified pension plans to an investment manager who meets requirements and qualifications specified in the trust's investment policies and who is registered as an investment adviser under federal code. Such investment of funds is made subject to the "prudent person rule" defined in s. 881.01 of the Wisconsin Statutes.

I object to the way this delegation of authority dilutes the direct responsibility for investment decisions currently vested with the elected Milwaukee Board of School Directors, who are the trustees of their pension fund. I am vetoing these sections in order to preserve this more direct accountability.

REGULATION AND LICENSING

20. Credential Application and Fee Effective Dates

Sections 9442(1) and 9442(1j)

These provisions make new application information requirements and new initial and credential renewal fees effective September 1, 1997 or on the first day of the second month beginning after publication of the budget act, whichever is later.

I am vetoing these provisions because the Department of Regulation and Licensing needs its new fee schedule and application information requirements effective immediately upon publication of this Act. This will enable the department to collect projected revenues and keep application forms consistent with the new initial fee and credential renewal fee schedule. Professions regulated by the department renew their licenses once every two years. While the department has lost a small amount of revenue in the first three months of fiscal year 1997-98 by not being able to charge higher fees established in the new schedule, the loss of revenue in November, 1997, would be significant. By vetoing these provisions, I am making the department's new credential renewal fees effective upon publication of this Act so its new fee schedule will be effective in November 1997 instead of December 1997.

21. Licensing of Certain Dentists

Section 9142

This section requires the Dentistry Examining Board to grant a dentistry license to a person who: (1) is licensed to practice dentistry in another jurisdiction of the United States or Canada; (2) meets dentistry requirements under the Wisconsin Administrative Code which are in effect on the effective date of this section; (3) completed a clinical licensure examination comparable to Wisconsin's at the time the person was granted a license in the other jurisdiction; and (4) applies to the Department of Regulation and Licensing for Wisconsin licensure by July 1, 1998.

I am vetoing this section entirely because the licensing requirements for dentists are established by the Dentistry Examining Board. I do not believe it appropriate to infringe upon the professional judgment and prerogatives of the members of the Dentistry Examining Board in establishing the minimum conditions under which dentists are permitted to practice in this state. However, I also believe that professional licensing laws must not, even inadvertently, serve to deprive the citizens of this state from receiving necessary health care from qualified providers. Accordingly, although it is appropriate to veto this particular licensing provision, I am requesting that the Dentistry Examining Board take all necessary steps to promulgate an emergency rule authorizing the board to waive certain requirements for dentists licensed by other states under reasonable and appropriate circumstances consistent with the needs of Wisconsin consumers. I am also requesting that the Secretary of the Department of Regulation and Licensing provide the board with assistance in promulgating the rule.

F. TAX, FINANCE AND LOCAL GOVERNMENT

BOARD OF COMMISSIONERS OF PUBLIC LANDS

1. Sunken Logs

Sections 169 [as it relates to s. 20.245 (4) (j)], 244e, 693m, 1346e, 3124, 3129c and 9356 (8y)

Section 3124 modified the state's offset value (share) of the revenues from the retrieval of sunken logs from 30% of appraised market value to 20% of the stumpage value of the logs. I am partially vetoing this section to provide for the state to retain 30% of stumpage value as its share of these revenues because the provision as passed by the Legislature would have a significant negative impact on state revenues. The language as vetoed will result in a reduction from current revenues to the state, but I believe it is an equitable compromise.

Sections 169 [as it relates to s. 20.245 (4) (j)], 244e, 693m, 1346e, 3129c and 9356 (8y) provide that all sunken log permit fees and the state's share of sale revenues would be credited to a new continuing PR appropriation under the State Historical Society or to GPR-earned, rather than accruing to the common school fund as they do now. Under these sections, these revenues would be used for the Northern Great Lakes Center and a new grant program related to maritime projects, with any remaining revenue above \$400,000 credited to the general fund.

I am partially vetoing these sections to retain the state's share of these revenues in the common school fund because I believe that directing these revenues (specifically unclaimed property revenues) anywhere other than the common school fund is unconstitutional.

2. Expanded Investment Authority

Sections 816c, 816e, 816g, 816j, 816L, 816n, 816p, 816r, 816t and 816v

These sections revise the authority of the Board of Commissioners of Public Lands to invest the assets of the common school fund, the normal school fund and agricultural college funds by authorizing the Board to invest the assets of these funds in a number of newly enumerated types of securities including non-rated securities, private placements and real estate. I am vetoing these sections because I believe there are few, if any, precedents for allowing a fund to establish independent investments outside the state investment fund (SIF). The SIF draws its strength from the diversity of its participants, each with differing cash flow requirements which tend to complement other participants in the fund. Segregating individual funds out of the SIF sets a precedent for weakening the SIF. In addition, I am concerned that the requirements and qualifications for election to the offices from which the Board of Commissioners of Public Lands is comprised do not include investment experience and qualifications comparable to those required for State Investment Board members. I believe the assets of the funds in question will be more appropriately invested by the State Investment Board, which manages the SIF.

EMPLOYMENT RELATIONS COMMISSION

3. Salary Component of a Qualified Economic Offer (QEO)

Sections 2692tce, 2692tcm, 2692tcr, 9316 (4fg)

These sections require that the amount of funds available under the salary component of a qualified economic offer must be increased by the amount of any savings realized by the school district employer in its fringe benefits package.

I am vetoing this provision in its entirety. This provision applies to collective bargaining agreements that have not yet been settled by the effective date of the bill, but which will cover the 1997-98 and 1998-99 school years when settled. The estimated 30% of school districts that have already settled for this biennium will not be covered by the change. This provision would, therefore, create two different qualified economic offer policies applicable to the same school year. School districts that have not yet reached an agreement would be subject to different rules than those that have. It would be unfair to change the rules in the middle of the year.

I am calling on the Legislature to consider separate legislation in this area. Any legislation that passes should take effect after the end of the current teacher contract period, which ends on June 30, 1999.

GENERAL FUND TAXES

4. Supplement to Federal Historic Rehabilitation Credit

Section 2262r, 2277n, 2287mn and 9343 (10ia)

These sections remove the requirement that property be placed into service after June 30, 1989 to receive the federal

historic rehabilitation credit. I am vetoing this provision because it is inappropriate to retroactively change the computation of the historic rehabilitation credit for a tax year that is closed.

5. Penalty for Capital Gains on Business Assets Sold to Family Members

Section 2332v

This section provides a penalty for anyone who purchases business or farming assets from a family member and sells those assets within two years. I am partially vetoing this section because I believe the penalty imposed is too harsh. Currently the penalty is equal to the amount of the exclusion allowed under this new law (40% of capital gains) plus that amount again, prorated based on the amount of time the business was held by the purchaser. My veto will reduce the penalty so that it equals only the prorated portion of the penalty.

6. Tax Amnesty

Section 9143 (2mf)

This section requires the Department of Revenue to develop a proposal for a tax amnesty program to be conducted in fiscal year 1997–98. The provision specifies that the department’s proposal be developed and presented to the Joint Committee on Finance for its consideration at the committee’s fourth quarterly meeting in 1997 under s. 13.10. I am vetoing the portion of the provision that specifies that the amnesty program must be conducted during fiscal year 1997–98 and that a proposal for the program be presented to the Joint Committee on Finance at the committee’s fourth quarterly meeting in 1997 under s. 13.10. Due to the delay in passage of the budget, I believe it would be difficult if not impossible for the department to conduct a tax amnesty program during fiscal year 1997–98. With this veto I intend that the department conduct an amnesty program during fiscal year 1998–99.

7. Sales Tax on Prepaid Calling Cards

Sections 2387 and 9443 (13)

These sections apply the sales tax to prepaid calling cards at the point of sale. Phone calls made with these cards would be exempt from the Wisconsin sales tax.

I am vetoing this provision because these cards are similar to gift certificates, which are currently not taxed at the point of sale, and also because this provision would tax calls made with prepaid phone cards differently than calls made with credit cards. Also, additional amounts added to prepaid phone cards are likely to escape taxation, and there would be inequitable taxation in cases where cards were bought in states which don’t impose a sales tax on them and then used in Wisconsin.

8. Sales Tax on University Food Contracts

Section 2393nq

This section modifies the current sales tax exemption for meals, food, food products and beverages furnished in accordance with any contract of an institution of higher education by providing that the exemption applies only if these items are furnished to a student enrolled for credit at that institution. In addition, this section provides that the sales tax exemption can not be used for purchases of meals by faculty members or continuing students. In the case of National Football League teams that have training camps at University of Wisconsin campuses, these provisions would first apply to any National Football League team purchasing these items under a contract entered into on or after January 1, 1998.

I am partially vetoing this section to delete the reference to January 1, 1998 because I believe Wisconsin should encourage NFL teams to train in Wisconsin. These teams bring significant tourism and economic development benefits to several areas of our state. I would like to note that implementation of this modification does not affect groups that are otherwise tax exempt such as some summer groups housed at the University for education and training.

9. Sales Tax Exemption for Internet Access

Section 2386j

This section provides that access to the Internet would not be subject to the sales and use tax. I am vetoing this section because it creates different tax treatment of similar communications services. Communications through e-mail, bulletin boards and Internet chat groups would be exempt, while telephone calls and other telecommunications would be taxable. I plan to examine all sales tax exemptions during the upcoming biennium and make recommendations to equalize our tax treatment.

10. Sales Tax on Timeshare Property

Sections 2383g, 2386q, 2393nv and 9443 (18n)

These sections exempt from the sales tax all flex-time timeshare sales and their associated charges. I am vetoing this provision because it would create a tax inequity. If this provision were to stand, fixed-time timeshare transactions would continue to be subject to the real estate transfer fee but flex-time timeshare transactions would be exempt from paying any sales tax or fees. This is inequitable since there are few, if any, physical differences between the two types of timeshares.

11. Sales Tax Exemption for Medicine Samples

Sections 2392no and 9443 (17t)

These sections would create an exemption from the sales and use tax for medicines furnished without charge to a physician, surgeon, nurse, anesthetist, osteopath, dentist, podiatrist or optometrist if the medicine may not be dispensed without a prescription. I am vetoing this provision because I am not convinced that it would equalize tax treatment. I plan to examine all sales tax exemptions during the upcoming

biennium and make recommendations to equalize our tax treatment.

12. Sales and Use Tax Agreements with Direct Marketers

Section 2363

This section would allow the Department of Revenue to enter into agreements with direct marketers regarding the collection of state and local sales and use taxes. Most out-of-state direct marketers have no legal obligation to collect state and local use taxes. This section further provides that the department may not implement any agreement with direct marketers if the agreement does not conform to state law. I am partially vetoing this section to remove the stipulation that the department not implement agreements that are not in conformance with state law because I believe it is too restrictive; the department should be allowed to work with other states to negotiate agreements that have incentives or administrative simplifications not specifically provided in Wisconsin law. Creating such a restriction could potentially cost Wisconsin millions of dollars in lost tax collections.

OFFICE OF THE COMMISSIONER OF RAILROADS

13. Office of the Commissioner of Railroads Staff

Section 169 [as it relates to s. 20.155 (2) (g)]

Section 169 [as it relates to s. 20.155 (2)(g)] provides \$85,100 PR in fiscal year 1997-98 and \$100,100 PR in fiscal year 1998-99 for 2.5 new positions for the Office of the Commissioner of Railroads, which is attached administratively to the Public Service Commission. These positions would include 2.0 FTE regulation compliance investigators and a 0.5 FTE program assistant. Although there is no language in the budget bill that authorizes the funding increase for these positions, the purpose of this funding was included in a Joint Committee on Finance budget motion.

I object to providing an increase of 2.5 FTE positions because this amount of new staff exceeds what the office needs to function efficiently and effectively. By lining out the Office of the Commissioner of Railroad's s. 20.155 (2) (g) appropriation and writing in a smaller amount that deletes \$20,400 PR in fiscal year 1997-98 and \$40,800 PR in fiscal year 1998-99, I am partially vetoing the part of the bill which funds these new staff. My veto deletes funding for 1.0 FTE position and instead provides funding for only 1.0 FTE regulation compliance investigator and a 0.5 FTE program assistant. I am also requesting the Department of Administration Secretary not to allot these funds and not to authorize the 1.0 FTE position.

REVENUE

14. Alcohol Beverage Regulation

Sections 2906gg, 2906mg, 2906mr and 9343 (1tu)

Sections 2906gg and 9343 (1tu) prohibit a municipality from enacting or enforcing any rule or ordinance that does not strictly conform to state statutes regulating the sale of alcohol beverages to an underage or intoxicated person, the presence of an underage person in a bar, and the possession of alcohol beverages by an underage person. I am vetoing these sections because I believe municipalities are better suited to determine the alcohol beverage ordinances that are appropriate for their communities.

In addition, sections 2906mg and 2906mr eliminate a citizen's right to file a complaint against a licensed seller of alcohol beverages alleging that the seller maintains an indecent or riotous house or has sold or given away alcohol beverages to known habitual drunkards. I am vetoing these sections to maintain a citizen's right to file such a complaint because I believe it is important for local communities and their citizens to have control over alcohol beverage regulation.

15. County Sales Tax Administrative Fee

Sections 717m, 2399f, 2399fm and 9443 (16n)

These sections reduce the portion of county sales tax collections retained by the Department of Revenue for its costs in administering the tax from 1.5% to 1.3% beginning July 1, 1999. I am vetoing these sections to retain the administrative fee at 1.5% because 1.3% of collections will be insufficient to cover all of the department's county sales tax costs. Beginning in fiscal year 1998-99, the department expects to begin redesigning its sales tax systems. Since the county sales tax constitutes major portions of these systems and since counties will benefit from the simplified forms and faster distributions that the redesigned system will allow, it is appropriate that counties pay a share of the redesign costs. If the amount of county sales tax collections retained by the department is inadequate, the pace of the redesign may be hindered and the state's general fund may be forced to absorb an unfair share of the costs.

16. Premier Resort Area Tax Administrative Fee

Sections 700mm, 719c and 2410m

These sections establish the portion of premier resort area tax collections that the Department of Revenue will retain for its expenses in administering this new local option tax. Specifically, these sections provide the department with 3% of the premier resort area tax collections for sales subject to the tax before January 1, 2000 and 1.3% of collections thereafter. I am partially vetoing these sections to provide the department with 3% of collections into the future because 1.3% will be insufficient to cover the agency's costs. Only a few municipalities will likely impose the premier resort area tax. Consequently, it will not have the administrative economies of scale that allowed the county sales tax fee to be reduced below its initial level of 3%. Furthermore, since it is not known when eligible municipalities will adopt the tax, it is uncertain how long the department will receive 3% of

collections. At some later date, however, the fee may be reduced if actual experience with collecting the tax demonstrates that a lower fee is feasible.

17. Report on Alternative Methods of Filing

Section 9143 (2m)

This section requires the Department of Revenue to identify potential savings from implementing alternative methods of filing and paying taxes and to submit a report listing those savings to the Joint Committee on Finance at its first quarterly meeting in 1998 under s. 13.10. I am vetoing this section because a report on this topic so shortly after this budget is signed will not yield any significant information. This budget already reduces the department's budget for savings expected to be realized by the implementation of electronic funds transfers for certain tax filers. Since the department has no plans for further electronic filings at this time, this reporting requirement is premature.

18. Property Assessment Manual on CD-ROM

Section 2355m

This section includes a provision requiring the Department of Revenue to produce the property assessment manual on CD-ROM if the department determines that there is sufficient demand for this format. I am vetoing this provision because it is unnecessary. The department already has sufficient authority to use new technologies to provide information. Furthermore, given the pace of technological change, it is inappropriate to make consideration of one format an ongoing statutory requirement.

SHARED REVENUE AND TAX RELIEF

19. Garbage and Trash Disposal and Collection

Sections 2234m, 9343 (9m) and 9443 (16p)

These sections remove garbage and trash disposal and

collection from the list of municipal services eligible for reimbursement under the Payments for Municipal Services aid program unless the municipality provides the same services to business properties.

I am vetoing this provision because it will adversely impact the University of Wisconsin (UW) System, particularly the Oshkosh and Stevens Point campuses. If garbage and trash disposal services are no longer reimbursable, it is likely that municipalities will charge the UW for this service. Internally funding these services would be difficult for the UW System and could result in segregated fee increases for students.

20. Payments for Municipal Services Funding

Section 169 [as it relates to s. 20.835 (5) (a)]

Section 169 [as it relates to s. 20.835 (5) (a)] increases the funding available for the Payments for Municipal Services (PMS) program, which provides reimbursement to municipalities for the services they provide to state-owned facilities. Specifically, this section provides an additional \$1,236,500 in fiscal year 1997-98 and \$1,236,500 in fiscal year 1998-99 for the PMS Program. Although there is no language in the budget bill that authorizes this funding, the purpose of this funding increase was included in the Legislative Fiscal Bureau's summary of Senate action on AB 100.

I object to providing this increase in funding in fiscal year 1997-98 because I believe the PMS program can function effectively with base-level funds during the first year of the biennium. By lining out the Shared Revenue and Tax Relief s. 20.835 (5) (a) appropriation and writing in a smaller amount that deletes \$1,236,500 GPR in fiscal year 1997-98, I am vetoing the part of the bill which provides this increase. I am also requesting the Department of Administration Secretary not to allot these funds.

I understand the financial pressures on local governments, and therefore support the increase of \$1,236,500 in PMS payments in fiscal year 1998-99.