



## 2009 SENATE BILL 708

April 22, 2010 – Introduced by Senator GROTHMAN, cosponsored by Representative LEMAHIEU. Referred to Committee on Children and Families and Workforce Development.

1     **AN ACT to repeal** 49.148 (4), 49.79 (1) (a), 49.79 (5) and 119.23 (2) (a) 1.; **to amend**  
2             16.27 (5) (intro.), 39.435 (4) (a), 39.44 (3) (a), 49.155 (5), 49.155 (6g) (a) 2., 49.155  
3             (6g) (a) 3., 49.795 (8) (a) (intro.), 49.795 (8) (b) (intro.), 49.795 (8) (c), 71.05 (23)  
4             (b) 2., 234.03 (intro.), 234.04 (1), 234.04 (2), 234.04 (3), 234.06 (1), 234.06 (3),  
5             234.49 (2) (a) (intro.), 234.59 (2) (intro.), 234.592 (2) (intro.), 560.9803 (1) (a) and  
6             560.9806 (2) (a); and **to create** 16.27 (5m), 36.11 (56), 39.435 (4) (b), 49.155 (6g)  
7             (a) 5., 49.471 (11c), 49.79 (7m), 49.79 (10), 49.795 (6m), 49.795 (8) (g), 49.842,  
8             66.1204, 71.07 (9e) (h), 234.038, 560.9803 (2m), 560.9805 (2) (d) and 560.9806  
9             (2) (c) of the statutes; **relating to:** authorized foods under the food stamp  
10            program; a deductible and coinsurance under BadgerCare Plus; a minimum  
11            copayment and maximum child care hours under Wisconsin Shares; drug  
12            testing for eligibility for public assistance; eliminating income eligibility  
13            requirements for enrollment in a private school participating in the Milwaukee  
14            Parental Choice Program; changing eligibility requirements for persons or

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1 families of low and moderate income to receive, directly or indirectly, certain  
2 housing, housing assistance, grants, loans, or benefits from the Wisconsin  
3 Housing and Economic Development Authority, the Department of Commerce,  
4 and local housing authorities; consideration of the income and assets of a  
5 person for purposes of receiving low-income energy assistance; consideration  
6 of the income and assets of both parents of a student under 22 years of age for  
7 purposes of awarding a grant or scholarship to such a student; prohibiting new  
8 claims under the earned income tax credit; increasing the individual income tax  
9 personal exemption for dependents; granting rule-making authority; and  
10 providing a penalty.

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***Analysis by the Legislative Reference Bureau***

This bill makes a number of changes with respect to benefits for which low-income state residents are eligible.

***BadgerCare Plus***

BadgerCare Plus (BC+) is a Medical Assistance (MA) program, administered by DHS, that provides health care benefits under two different plans, depending on the basis for a recipient's eligibility, to recipients who satisfy financial and nonfinancial eligibility criteria. The first plan provides the same benefits that are provided, and requires the same cost sharing that is required, under regular MA. The second plan, called the Benchmark Plan, provides specified benefits with specified cost sharing requirements. The bill requires recipients under both plans to pay an annual deductible of \$500 and coinsurance of five percent of costs exceeding the deductible. DHS must request a waiver from the secretary of the federal Department of Health and Human Services if DHS determines that it needs a waiver to implement the new cost sharing.

***Food stamp program***

Under current law, DHS administers the federal food stamp program, now known as the Supplemental Nutrition Assistance Program (SNAP), which assists eligible low-income individuals to purchase food. The bill requires DHS to promulgate rules that specify the foods that an individual may purchase under the program. DHS is prohibited from allowing soft drinks and snack foods, such as potato chips, to be purchased under the program and must require individuals to purchase a lower-priced brand of a food item that is available in both lower-priced and higher-priced brands. In addition, the bill makes it a Class A misdemeanor (punishable by a fine of up to \$10,000 or imprisonment for up to nine months, or both)

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for a person to spend the night in the house of a member of a household that is eligible for food stamps if the person's income is not considered in determining the eligibility of the household for food stamps. These changes will not be implemented, however, if DHS determines that a waiver is needed, unless federal law allows a waiver to be requested and a waiver is granted.

***Wisconsin Shares***

The Wisconsin Works (W-2) program under current law, which is administered by the Department of Children and Families (DCF), provides work experience and benefits for low-income custodial parents who are at least 18 years old, as well as a child care subsidy program, known as Wisconsin Shares, under which an individual who is the parent of a child under the age of 13 or, if the child is disabled, under the age of 19, and who satisfies other eligibility criteria may receive a child care subsidy for child care services that the individual needs to participate in various educational or work activities. Current law provides that no more than 12, or in some cases up to 16, hours of subsidized child care may be authorized per child per day. The bill imposes a limit on the amount of child care for which a subsidy may be provided of 40 hours per week per child. Also under current law, a child care subsidy recipient must pay a copayment for child care that is a percentage of the cost specified by DCF in a copayment schedule. The bill sets a minimum copayment of \$2 per hour per child.

***Drug testing for public assistance***

Under current law, as a condition of eligibility for a W-2 employment position, an individual must state in writing whether he or she has been convicted in any state or federal court of a felony that has as an element possession, use, or distribution of a controlled substance. Also under current law, if an individual in a W-2 community service job or transitional placement was convicted after a specified date in any state or federal court of a felony that has as an element possession, use, or distribution of a controlled substance, the individual must submit to a test for use of a controlled substance. If the test results are positive, the individual's benefit is reduced for at least 12 months, and the W-2 agency may require the individual to participate in a drug abuse evaluation, assessment, and treatment program.

Also under current law, an applicant for or recipient under the food stamp program must state in writing whether he or she or any member of his or her household has been convicted in any state or federal court of a felony that has as an element possession, use, or distribution of a controlled substance. If an applicant or recipient or household member was convicted after a specified date in any state or federal court of a felony that has as an element possession, use, or distribution of a controlled substance, the applicant, recipient, or household member must submit to a test for use of a controlled substance for continued eligibility. If the test results are positive, DHS may not consider that individual's needs in determining the household's eligibility for food stamps for at least 12 months but must consider that individual's income and resources to be available to the household.

This bill eliminates those controlled substance conviction and testing requirements and replaces them with a requirement that applies to all assistance programs, which are defined in the bill as programs under the public assistance

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chapter of the statutes under which DCF or DHS provides services, benefits, or other assistance. Under the bill, to the extent permitted under federal law if there are any conflicting provisions, as a condition of eligibility or continued eligibility for any assistance program an individual must submit to a test for the use of a controlled substance. If the test results are positive, the individual is permanently ineligible for any assistance program.

Besides W-2 and the food stamp program, assistance programs include Medical Assistance, including BadgerCare Plus, which provides health care services to disabled, blind, or elderly low-income persons and certain low-income children and families; the program that provides prescription drug assistance for elderly persons (commonly known as SeniorCare); the program that provides eligible persons with assistance in establishing the paternity of a child, establishing or modifying child support obligations, enforcing child support or maintenance (alimony) obligations, and locating persons who owe child support or children taken by parents in violation of court orders; the programs that provide state supplemental payments to persons receiving federal supplemental security income; the program that pays funeral, burial, and cemetery expenses for persons whose estates are insufficient to pay those expenses; and the disease aids program that provides assistance in paying the costs of medical treatment for eligible persons with cystic fibrosis, hemophilia, or chronic renal (kidney) disease.

***Milwaukee Parental Choice Program pupil eligibility***

Under the Milwaukee Parental Choice Program (MPCP), a pupil who resides in the city of Milwaukee and who is a member of a family that has a total family income that does not exceed 1.75 times the poverty level may attend a private school at state expense under certain conditions. This bill eliminates as a condition for participating in the MPCP the requirement that a pupil be a member of a family with limited family income.

***Low-income energy assistance***

Under current law, the Department of Administration administers a program that provides low-income energy assistance to eligible households, including households with incomes of less than 60 percent of the statewide median household income and households composed entirely of individuals receiving Aid to Families with Dependent Children or Supplemental Security Income. This bill makes ineligible for low-income energy assistance a household with assets that exceed \$2,000 in cash equity value or a vehicle having an equity value of \$10,000 or greater.

***Wisconsin Housing and Economic Development Authority low-income housing assistance***

Under current law, the Wisconsin Housing and Economic Development Authority (WHEDA) administers several programs that provide assistance to persons and families of low and moderate income to obtain housing. Eligibility for the programs is established in both the Wisconsin statutes and under federal law, including the Housing Choice Voucher Program administered by the Federal Department of Housing and Urban Development (HUD). Funding for these programs is provided from a number of sources, including bonds issued by WHEDA under its statutory authority and from the federal government.

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This bill requires WHEDA to impose the following limits on eligibility for families and persons of low and moderate income seeking housing assistance directly or indirectly through WHEDA:

1. No person may receive housing assistance from HUD through WHEDA unless the person is disabled or aged 62 or older. The bill defines “disabled” to mean blind as established under federal law or disabled as established under federal law.

2. Persons or families of low and moderate income who receive housing or housing assistance directly or indirectly from WHEDA shall be subject to the following limitations:

a. A person or family of low or moderate income must be restricted to housing in which the square footage is less than 50 percent of the average square footage for a rental unit of average rental value in the county in which the person or family resides. In order to satisfy this requirement, WHEDA may require that more than two unrelated persons or families of low or moderate income be housed in one housing unit.

b. With two exceptions, persons or families of low and moderate income with assets that exceed \$2,000 in cash equity value or a vehicle having an equity value of \$10,000 or greater may not receive housing or housing assistance from WHEDA. This prohibition does not apply to a person who is disabled or aged 62 or older.

c. No adult may spend the night in the home of any person or family of low and moderate income who receives housing or housing assistance directly or indirectly from WHEDA if the income of that adult was not considered in determining the eligibility of the persons and families to receive housing or housing assistance. The bill defines “adult” as a person who is 18 years of age or older, except that for purposes of investigating or prosecuting a person who is alleged to have violated any state or federal criminal law or any civil law or municipal ordinance, “adult” means a person who has attained 17 years of age. Any person who violates this prohibition is guilty of a Class A misdemeanor.

If WHEDA determines that it may not implement the limitations and prohibitions established under the bill without a waiver of federal law from HUD and that a waiver of federal law is available, WHEDA must apply for and obtain a waiver from HUD before it may implement the limitations and prohibitions.

***Department of Commerce low-income housing assistance***

Under current law, the Department of Commerce (Commerce) may make grants or loans, directly or through agents designated by the department, to persons or families of low or moderate income to defray housing costs, including utility costs, and may make grants to community-based organizations, organizations operated for profit, or housing authorities to improve the ability of these entities to provide housing opportunities for persons or families of low or moderate income.

This bill requires Commerce to impose limits on eligibility and housing for families and persons of low and moderate income seeking housing assistance directly or indirectly through Commerce. Under the requirement, persons or families of low and moderate income who receive housing or assistance with housing costs, assistance with utility-related costs, grants, or loans from any project or program

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administered by Commerce as described above must be subject to the following limitations:

1. A person or family of low or moderate income must be restricted to housing in which the square footage is less than 50 percent of the average square footage for a rental unit of average rental value in the county in which the person or family resides. In order to satisfy this requirement, Commerce may require more than two unrelated persons or families of low or moderate income in one housing unit.

2. With two exceptions, persons or families of low and moderate income with assets that exceed \$2,000 in cash equity value or a vehicle having an equity value of \$10,000 or greater may not receive housing or assistance with housing costs or utility-related costs, from Commerce. This prohibition does not apply to a person who is disabled or aged 62 or older.

3. No adult may spend the night in the home of any person or family of low or moderate income who receives housing or assistance with housing costs or utility-related costs or who benefits from a housing assistance grant or loan made by Commerce if the income of that adult was not considered in determining the eligibility of the person or family to receive housing, assistance, or benefits. Any person who violates this prohibition is guilty of a Class A misdemeanor.

If Commerce determines that it may not implement the limitations and prohibitions established under the bill without a waiver of federal law from HUD and that a waiver of federal law is available, Commerce must apply for and obtain a waiver from HUD before it may implement the limitations and prohibitions.

***Higher education grants and scholarships***

Under current law, the Higher Educational Aids Board (HEAB) awards certain grants based on financial need. Those grants include Wisconsin higher education grants for students enrolled in public institutions of higher education or tribal colleges in this state, tuition grants for students enrolled in private institutions of higher education in this state, and minority undergraduate grants for minority students enrolled in private institutions of higher education or technical colleges in this state.

Currently, those grants are awarded based on a formula that accounts for expected parental and student contributions and that is consistent with nationally approved needs analysis methodology. Under current federal law setting forth that needs analysis methodology, parental income and assets for a dependent student whose parents are divorced or separated is determined by including only the income and assets of the parent with whom the student resided for the greater portion of the 12-month period preceding the date of the application or, if that criterion does not apply, only the income and assets of the parent who provided the greater support during that 12-month period.

This bill requires HEAB, in determining the expected parental contribution for a student under 22 years of age who is a dependent of his or her parents, to include in the parental income and assets that are available for that contribution the income and assets of both of the student's parents. The bill also prohibits the Board of Regents of the University of Wisconsin System from awarding a scholarship that is based on financial need to a student under 22 years of age who is a dependent of his

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or her parents unless the calculation of the student's financial need includes consideration of the income and assets of both of the student's parents.

***Local housing authorities***

Under current law, any city, village, town, or county may create a housing authority, which may acquire, lease, and operate housing projects for persons of low income. A housing authority may accept grants from the federal government for any housing project that the authority undertakes.

This bill requires a local housing authority to impose limits on eligibility for persons of low income that are similar to the limits on eligibility that WHEDA and the Department of Commerce are required to impose under the bill.

***Taxation***

Under federal law, the earned income tax credit (EITC) is a refundable tax credit for low-income workers. If the amount of the claim exceeds the worker's tax liability, the claimant receives a check for the excess amount from the Internal Revenue Service. The amount of the credit for which a claimant is eligible is based, in part, on whether the claimant has no qualifying children, one qualifying child, or more than one qualifying child.

Under current law, the refundable Wisconsin EITC may be claimed in an amount equal to a certain percentage of the federal basic EITC. To be eligible for the Wisconsin EITC, an individual must have one or more qualifying children. The Wisconsin EITC is equal to 4 percent of the federal credit if the claimant has one qualifying child, 14 percent of the federal credit if the claimant has two qualifying children, and 43 percent of the federal credit if the claimant has three or more qualifying children.

Under this bill, no new claims under the Wisconsin EITC may be filed for a taxable year that begins after December 31, 2010.

Under current law, an individual income tax personal exemption exists in the amount of \$700 for each taxpayer who is required to file an income tax return and \$700 for the taxpayer's spouse, except if the spouse is filing separately or as a head of household. A taxpayer may also claim a \$700 exemption for each dependent for whom he or she is entitled to claim an exemption under the Internal Revenue Code. In general, an additional exemption of \$250 may be claimed by a taxpayer, and spouse, who has reached the age of 65 before the close of the taxable year to which his or her tax return relates.

This bill increase the personal exemption for dependents from \$700 to \$2,200.

Because this bill directly or substantially affects the development, construction, cost or availability of housing in this state, the Department of Commerce, as required by law, will prepare a report to be printed as an appendix to this bill.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

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For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 16.27 (5) (intro.) of the statutes is amended to read:

2           16.27 (5) **ELIGIBILITY.** (intro.) Subject to the requirements of subs. (4) (b) and  
3 (8) and except as provided in sub. (5m), the following shall receive low-income energy  
4 assistance under this section:

5           **SECTION 2.** 16.27 (5m) of the statutes is created to read:

6           16.27 (5m) **LIMITATIONS ON ELIGIBILITY.** (a) 1. Except as provided in subd. 2, a  
7 household with assets that exceed \$2,000 in combined equity value or with a vehicle  
8 having an equity value of \$10,000 or greater shall not be eligible for low-income  
9 energy assistance under this section.

10           2. Subdivision 1. does not apply if any individual member of the household is  
11 disabled, as defined in s. 49.468 (1) (a) 1., or is aged 62 or older.

12           (b) If the department of administration determines it may not implement the  
13 limitation under par. (a) 1. without a waiver from the federal department of health  
14 and human services and that such a waiver may be requested under federal law, the  
15 authority shall request a waiver from the secretary of the federal department of  
16 health and human services. If a waiver that is consistent with par. (a) 1. is granted  
17 and in effect, the department of administration shall implement the limitation on  
18 eligibility under par. (a) 1. If a waiver is required, the department of administration  
19 may not implement the limitation on eligibility under par. (a) 1. unless a waiver is  
20 granted and in effect.

21           **SECTION 3.** 36.11 (56) of the statutes is created to read:

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1           36.11 **(56)** SCHOLARSHIPS. The board may not award a scholarship that is based  
2 in whole or in part on financial need to any student under the age of 22 who is a  
3 dependent of his or her parents unless the board's calculation of financial need  
4 includes consideration of the income and assets of both of the student's parents.

5           **SECTION 4.** 39.435 (4) (a) of the statutes is amended to read:

6           39.435 **(4)** (a) The board shall award grants under this section based on a  
7 formula that accounts for expected parental and student contributions and that,  
8 except as provided in par. (b), is consistent with generally accepted definitions and  
9 nationally approved needs analysis methodology.

10          **SECTION 5.** 39.435 (4) (b) of the statutes is created to read:

11          39.435 **(4)** (b) In determining the expected parental contribution for a student  
12 under 22 years of age who is a dependent of his or her parents, the board shall include  
13 in the parental income and assets that are available for that contribution the income  
14 and assets of both of the student's parents.

15          **SECTION 6.** 39.44 (3) (a) of the statutes is amended to read:

16          39.44 **(3)** (a) Award grants to eligible students on the basis of financial need,  
17 as determined by the board, using the needs analysis methodology used under s.  
18 39.435.

19          **SECTION 7.** 49.148 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is  
20 repealed.

21          **SECTION 8.** 49.155 (5) of the statutes is amended to read:

22          49.155 **(5)** LIABILITY FOR PAYMENT. An individual is liable for the percentage of  
23 the cost of the child care specified by the department in a printed copayment  
24 schedule, except that the department shall require a minimum copayment of \$2 per  
25 hour of child care per child. An individual who is under the age of 20 and is attending

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1 high school or participating in a course of study meeting the standards established  
2 under s. 115.29 (4) for the granting of a declaration of equivalency to high school  
3 graduation may not be determined liable for more than the minimum copayment  
4 amount for the type of child care received and the number of children receiving child  
5 care.

6 **SECTION 9.** 49.155 (6g) (a) 2. of the statutes, as created by 2009 Wisconsin Act  
7 28, is amended to read:

8 49.155 (6g) (a) 2. Except as provided in subd. 3. and subject to subd. 5., the  
9 department shall authorize no more than 12 hours of child care per day per child.

10 **SECTION 10.** 49.155 (6g) (a) 3. of the statutes, as created by 2009 Wisconsin Act  
11 28, is amended to read:

12 49.155 (6g) (a) 3. The Subject to subd. 5., department may authorize more than  
13 12 hours, not exceeding 16 hours, of child care per day for a child whose parent  
14 provides written documentation of work or transportation requirements that exceed  
15 12 hours in a day.

16 **SECTION 11.** 49.155 (6g) (a) 5. of the statutes is created to read:

17 49.155 (6g) (a) 5. The department may not authorize more than 40 hours of  
18 child care per week for a child.

19 **SECTION 12.** 49.471 (11c) of the statutes is created to read:

20 49.471 (11c) DEDUCTIBLE AND COINSURANCE. Notwithstanding subs. (10) and  
21 (11), the department shall require an annual deductible of \$500 per family for  
22 services provided under BadgerCare Plus and coinsurance of at least 5 percent of the  
23 cost of services received after the deductible has been paid. If the department  
24 determines that it needs a waiver to require the deductible and coinsurance  
25 payments under this subsection, the department shall request a waiver from the

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1 secretary of the federal department of health and human services and may not  
2 impose the deductible and coinsurance requirements under this subsection unless  
3 the waiver is granted and in effect.

4 **SECTION 13.** 49.79 (1) (a) of the statutes is repealed.

5 **SECTION 14.** 49.79 (5) of the statutes is repealed.

6 **SECTION 15.** 49.79 (7m) of the statutes is created to read:

7 49.79 (7m) AUTHORIZED FOODS. The department shall by rule specify foods that  
8 may be purchased with food stamp coupons. The department may not authorize soda  
9 water beverages, as defined in s. 97.29 (1) (i), or snack foods, such as potato chips or  
10 similar processed food products, to be purchased with food stamp coupons. The  
11 department shall require that food stamp coupons be used to purchase a  
12 lower-priced brand of a food item if similar food items are available in lower-priced  
13 and higher-priced brands.

14 **SECTION 16.** 49.79 (10) of the statutes is created to read:

15 49.79 (10) WAIVER FOR IMPLEMENTATION. Notwithstanding sub. (7m) and s.  
16 49.795 (6m) and (8) (g), if the department determines that it may not implement the  
17 requirements under sub. (7m) or impose the penalty under s. 49.795 (8) (g) for a  
18 violation of s. 49.795 (6m) without a federal waiver, the department shall request a  
19 waiver from the secretary of the federal department of agriculture, if such a waiver  
20 may be requested under federal law, and may not implement the requirements under  
21 sub. (7m) or impose the penalty under s. 49.795 (8) (g) for a violation of s. 49.795 (6m)  
22 unless both of the following are satisfied:

23 (a) The waiver may be requested under federal law.

24 (b) The waiver is granted and in effect.

25 **SECTION 17.** 49.795 (6m) of the statutes is created to read:

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1           49.795 (6m) No person may spend the night in the home of a member of a  
2 household certified as eligible for the food stamp program unless that person's  
3 income is considered in determining the eligibility of the household for the food  
4 stamp program.

5           **SECTION 18.** 49.795 (8) (a) (intro.) of the statutes is amended to read:

6           49.795 (8) (a) (intro.) ~~For Except as provided in par. (g), for~~ a first offense under  
7 this section:

8           **SECTION 19.** 49.795 (8) (b) (intro.) of the statutes is amended to read:

9           49.795 (8) (b) (intro.) ~~For Except as provided in par. (g), for~~ a 2nd or subsequent  
10 offense under this section:

11           **SECTION 20.** 49.795 (8) (c) of the statutes is amended to read:

12           49.795 (8) (c) ~~For Except as provided in par. (g), for~~ any offense under this  
13 section, if the value of the food coupons is \$5,000 or more, a person who violates this  
14 section is guilty of a Class G felony.

15           **SECTION 21.** 49.795 (8) (g) of the statutes is created to read:

16           49.795 (8) (g) Any person who violates sub. (6m) is guilty of a Class A  
17 misdemeanor and subject to the penalty under s. 939.51 (3) (a).

18           **SECTION 22.** 49.842 of the statutes is created to read:

19           **49.842 Drug testing for eligibility. (1) DEFINITIONS.** In this section:

20           (a) "Applicant" means an individual who applies for assistance under any  
21 assistance program under this chapter.

22           (b) "Assistance program under this chapter" means any program administered  
23 by the department of health services or the department of children and families  
24 under this chapter under which the department administering the program provides  
25 services, benefits, or other assistance.

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1 (c) “Controlled substance” has the meaning given in 21 USC 802 (6).

2 (d) “Recipient” means an individual who is receiving services, benefits, or other  
3 assistance under an assistance program under this chapter.

4 **(2) DRUG TEST REQUIRED.** Notwithstanding any other eligibility requirements  
5 specified in this chapter, to the extent permitted under federal law, an applicant or  
6 a recipient shall, as a condition of eligibility or continued eligibility, be required to  
7 submit to a test for the use of a controlled substance. If the test results are positive,  
8 the applicant or recipient shall be ineligible for any assistance program.

9 **SECTION 23.** 66.1204 of the statutes is created to read:

10 **66.1204 Limitations on eligibility. (1)** (a) In its role under 42 USC 1437f  
11 as a public housing agency, as defined in 24 CFR 982.4 (b), an authority may not  
12 provide assistance payments to any person unless the person satisfies one of the  
13 following:

- 14 1. The person is disabled, as defined in s. 49.468 (1) (a) 1.  
15 2. The person is age 62 or older.

16 (b) An authority shall ensure that all of the following requirements are  
17 satisfied in connection with housing or housing assistance provided directly or  
18 indirectly by the authority, or by a state public body with which it contracts, to any  
19 person of low income:

- 20 1. Any housing provided to a person of low income shall be restricted to housing  
21 in which the square footage is less than 50 percent of the average square footage for  
22 a rental unit of average rental value in the county in which the person of low income  
23 resides. In order to satisfy the requirements of this subdivision, the authority may  
24 require that more than two unrelated persons of low income be housed in one housing  
25 unit.

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1           2. a. Except as provided in subd. 2. b., no person or family with assets that  
2 exceed \$2,000 in combined equity value or with a vehicle having an equity value of  
3 \$10,000 or greater shall be eligible for housing or housing assistance under this  
4 subchapter.

5           b. Subdivision 2. a. does not apply to any person who is disabled, as defined in  
6 s. 49.468 (1) (a) 1., or is aged 62 or older.

7           3. a. Except as provided in subd. 3. b., no adult, as defined in s. 48.02 (1d), may  
8 spend the night in the home of any person of low income who receives housing or  
9 housing assistance in or from any project or program under this subchapter if the  
10 income of that adult was not considered in determining the eligibility of the person  
11 to receive housing or housing assistance. Any person who violates this subd. 3. a. is  
12 guilty of a Class A misdemeanor and subject to the penalty under s. 939.51 (3) (a).

13           b. Subdivision 3. a. does not apply to any person who is disabled, as defined in  
14 s. 49.468 (1) (a) 1., or is aged 62 or older.

15           **(2)** If an authority determines it may not implement the limitations on  
16 eligibility and housing under sub. (1) or impose the penalty under sub. (1) (b) 3. a.  
17 without a waiver from the federal department of housing and urban development  
18 and that such a waiver may be requested under federal law, the authority shall  
19 request a waiver. If a waiver that is consistent with sub. (1) is granted and in effect,  
20 an authority shall implement the limitations on eligibility and housing under sub.  
21 (1). An authority may not implement any limitation under sub. (1) for which a waiver  
22 is required unless a waiver as to that limitation is granted and in effect.

23           **SECTION 24.** 71.05 (23) (b) 2. of the statutes is amended to read:

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1           71.05 **(23)** (b) 2. An exemption of \$700 \$2,200 for each individual for whom the  
2 taxpayer is entitled to an exemption for the taxable year under section 151 (c) of the  
3 Internal Revenue Code.

4           **SECTION 25.** 71.07 (9e) (h) of the statutes is created to read:

5           71.07 **(9e)** (h) For taxable years beginning after December 31, 2010, no new  
6 claims for a credit under this subsection may be filed.

7           **SECTION 26.** 119.23 (2) (a) 1. of the statutes is repealed.

8           **SECTION 27.** 234.03 (intro.) of the statutes is amended to read:

9           **234.03 Powers of authority.** (intro.) The Subject to the limitations on  
10 eligibility for projects or programs and housing benefitting persons and families of  
11 low and moderate income under s. 234.038, the authority shall have all the powers  
12 necessary or convenient to implement this chapter, including the following powers  
13 in connection with its projects or programs, in addition to all other powers granted  
14 by this chapter:

15           **SECTION 28.** 234.038 of the statutes is created to read:

16           **234.038 Limitations on eligibility for projects or programs and**  
17 **housing benefitting persons and families of low and moderate income. (1)**  
18 (a) In its role under 42 USC 1437f as a public housing agency, as defined in 24 CFR  
19 982.4 (b), the authority may not provide assistance payments to any person unless  
20 the person satisfies one of the following:

21           1. The person is disabled, as defined in s. 49.468 (1) (a) 1.

22           2. The person is aged 62 or older.

23           (b) The authority shall ensure that all of the following requirements are  
24 satisfied in connection with housing or housing assistance provided directly or  
25 indirectly by the authority or by an eligible sponsor, housing corporation, financial

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1 institution, limited profit entity, or nonprofit corporation to persons and families of  
2 low and moderate income:

3 1. Any housing provided to a person or family of low or moderate income shall  
4 be restricted to housing in which the square footage is less than 50 percent of the  
5 average square footage for a rental unit of average rental value in the county in which  
6 the person or family resides. In order to satisfy the requirements of this subdivision,  
7 the authority may require that more than 2 unrelated persons or families of low or  
8 moderate income be housed in one housing unit.

9 2. a. Except as provided in subd. 2. b., no person or family with assets that  
10 exceed \$2,000 in combined equity value or with a vehicle having an equity value of  
11 \$10,000 or greater shall be eligible for housing or housing assistance under this  
12 chapter.

13 b. Subdivision 2. a. does not apply to any person who is disabled, as defined in  
14 s. 49.468 (1) (a) 1., or is aged 62 or older.

15 3. a. Except as provided in subd. 3. b., no adult, as defined in s. 48.02 (1d), may  
16 spend the night in the home of any person or family of low or moderate income that  
17 receives housing or housing assistance in or from any project or program under this  
18 chapter if the income of that adult was not considered in determining the eligibility  
19 of the person or family to receive housing or housing assistance. Any person who  
20 violates this subd. 3. a. is guilty of a Class A misdemeanor and subject to the penalty  
21 specified in s. 939.51 (3) (a).

22 b. Subdivision 3. a. does not apply to any person who is disabled, as defined in  
23 s. 49.468 (1) (a) 1., or is aged 62 or older.

24 **(2)** If the authority determines it may not implement the limitations on  
25 eligibility and housing under sub. (1) or impose the penalty under sub. (1) (b) 3. a.

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1 without a waiver from the federal department of housing and urban development  
2 and that such a waiver may be requested under federal law, the authority shall  
3 request a waiver. If a waiver that is consistent with sub. (1) is granted and in effect,  
4 the authority shall implement the limitations on eligibility and housing under sub.  
5 (1). The authority may not implement any limitation under sub. (1) for which a  
6 waiver is required unless a waiver as to that limitation is granted and in effect.

7 **SECTION 29.** 234.04 (1) of the statutes is amended to read:

8 234.04 (1) The Subject to the limitations on eligibility for projects or programs  
9 and housing benefitting persons and families of low and moderate income under s.  
10 234.038, the authority may make or participate in the making of construction loans  
11 to eligible sponsors of housing projects for the construction or rehabilitation of  
12 housing for persons and families of low and moderate income. Such loans shall be  
13 made only upon the determination by the authority that construction loans are not  
14 otherwise available from private lenders upon reasonably equivalent terms and  
15 conditions.

16 **SECTION 30.** 234.04 (2) of the statutes is amended to read:

17 234.04 (2) The Subject to the limitations on eligibility for projects or programs  
18 and housing benefitting persons and families of low and moderate income under s.  
19 234.038, the authority may make or participate in the making and enter into  
20 commitments for the making of long-term mortgage loans to eligible sponsors of  
21 housing projects for occupancy by persons and families of low and moderate income,  
22 or for the making of homeownership mortgage loans or housing rehabilitation loans  
23 or loans for the refinancing of qualified subprime loans under s. 234.592 to persons  
24 and families of low and moderate income, an applicant under s. 234.59 or 234.592,  
25 or other eligible beneficiaries as defined in s. 234.49. The loans may be made only

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1 upon the determination by the authority that they are not otherwise available from  
2 private lenders upon reasonably equivalent terms and conditions. The authority  
3 may not make a loan to a person whose name appears on the statewide support lien  
4 docket under s. 49.854 (2) (b), unless the person provides to the authority a payment  
5 agreement that has been approved by the county child support agency under s. 59.53  
6 (5) and that is consistent with rules promulgated under s. 49.858 (2) (a). The  
7 authority may employ, for such compensation as it determines, the services of any  
8 financial institution in connection with any loan.

9 **SECTION 31.** 234.04 (3) of the statutes is amended to read:

10 234.04 (3) The Subject to the limitations on eligibility for projects or programs  
11 and housing benefitting persons and families of low and moderate income under s.  
12 234.038, the authority may make or participate in the making and enter into  
13 commitments for the making of loans to any banking institution, savings bank,  
14 savings and loan association or credit union organized under the laws of this or any  
15 other state or of the United States having an office in this state, if the authority first  
16 determines that the proceeds of such loans will be utilized for the purpose of making  
17 long-term mortgage loans to persons or families of low and moderate income, or for  
18 the purpose of providing residential housing for occupancy by persons or families of  
19 low and moderate income, or for the purpose of making housing rehabilitation loans.

20 **SECTION 32.** 234.06 (1) of the statutes is amended to read:

21 234.06 (1) The Subject to the limitations on eligibility for projects or programs  
22 and housing benefitting persons and families of low and moderate income under s.  
23 234.038, the authority may, as authorized in the state housing strategy plan under  
24 s. 560.9802, use the moneys held in the housing development fund to make  
25 temporary loans to eligible sponsors, with or without interest, and with such security

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1 for repayment, if any, as the authority determines reasonably necessary and  
2 practicable, solely from the housing development fund, to defray development costs  
3 for the construction of proposed housing projects for occupancy by persons and  
4 families of low and moderate income. No temporary loan may be made unless the  
5 authority may reasonably anticipate that satisfactory financing may be obtained by  
6 the eligible sponsor for the permanent financing of the housing project.

7 **SECTION 33.** 234.06 (3) of the statutes is amended to read:

8 234.06 (3) The Subject to the limitations on eligibility for projects or programs  
9 and housing benefitting persons and families of low and moderate income under s.  
10 234.038, the authority may, as authorized in the state housing strategy plan under  
11 s. 560.9802, use the moneys held in the housing development fund to establish and  
12 administer programs of grants to counties, municipalities and eligible sponsors of  
13 housing projects for persons of low and moderate income, to pay organizational  
14 expenses, administrative costs, social services, technical services, training expenses  
15 or costs incurred or expected to be incurred by counties, municipalities or sponsors  
16 for land and building acquisition, construction, improvements, renewal,  
17 rehabilitation, relocation or conservation under a plan to provide housing or related  
18 facilities, if the costs are not reimbursable from other private or public loan, grant  
19 or mortgage sources.

20 **SECTION 34.** 234.49 (2) (a) (intro.) of the statutes is amended to read:

21 234.49 (2) (a) (intro.) The Subject to the limitations on eligibility for projects  
22 or programs and housing benefitting persons and families of low and moderate  
23 income under s. 234.038, the authority has the following powers for the purpose of  
24 implementing this section, in addition to all other powers granted by this chapter:

25 **SECTION 35.** 234.59 (2) (intro.) of the statutes is amended to read:

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1           234.59 (2) POWERS AND DUTIES OF THE AUTHORITY. (intro.) The authority shall,  
2           subject to the limitations on eligibility for projects or programs and housing  
3           benefitting persons and families of low and moderate income under s. 234.038,  
4           establish and administer a homeownership mortgage loan program to encourage  
5           homeownership and to facilitate the acquisition or rehabilitation of eligible property  
6           by applicants. To implement the program, the authority:

7           **SECTION 36.** 234.592 (2) (intro.) of the statutes is amended to read:

8           234.592 (2) POWERS AND DUTIES OF THE AUTHORITY. (intro.) The authority shall,  
9           subject to the limitations on eligibility for projects or programs and housing  
10           benefitting persons and families of low and moderate income under s. 234.038,  
11           establish and administer a qualified subprime loan refinancing program to  
12           encourage homeownership and to facilitate the retention of eligible property by  
13           applicants. To implement the program, the authority:

14           **SECTION 37.** 560.9803 (1) (a) of the statutes is amended to read:

15           560.9803 (1) (a) Subject to sub. (2) and the limitations on eligibility and housing  
16           under sub. (2m), make grants or loans, directly or through agents designated under  
17           s. 560.9804, from the appropriation under s. 20.143 (2) (b) to persons or families of  
18           low or moderate income to defray housing costs of the person or family.

19           **SECTION 38.** 560.9803 (2m) of the statutes is created to read:

20           560.9803 (2m) (a) The department shall ensure that all of the following  
21           requirements are satisfied in connection with housing, housing costs, utility-related  
22           costs, grants, or loans provided, directly or indirectly, under this subchapter by the  
23           department or by a community-based organization, housing authority, or  
24           designated agent under s. 560.9804 to persons and families of low and moderate  
25           income:

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1           1. Any housing provided to a person or family of low or moderate income shall  
2 be restricted to housing in which the square footage is less than 50 percent of the  
3 average square footage for a rental unit of average rental value in the county in which  
4 the person or family resides. In order to satisfy the requirements of this subdivision,  
5 the department may require that more than 2 unrelated persons or families of low  
6 or moderate income be housed in one housing unit.

7           2. a. Except as provided in subd. 2. b., no person or family with assets that  
8 exceed \$2,000 in combined equity value or with a vehicle having an equity value of  
9 \$10,000 or greater shall be eligible for housing, housing costs, or utility-related costs  
10 or may benefit from any grants or loans made under this subchapter.

11           b. Subdivision 2. a. does not apply to any person who is disabled, as defined in  
12 s. 49.468 (1) (a) 1., or is aged 62 or older.

13           3. a. Except as provided in subd. 3. b., no adult, as defined in s. 48.02 (1d), may  
14 spend the night in the home of any person or family of low or moderate income that  
15 receives housing, assistance with housing costs, assistance with utility-related  
16 costs, or who benefits from any grants or loans made under this subchapter if the  
17 income of that adult was not considered in determining the eligibility of the person  
18 or family to receive the housing, assistance, or benefits. Any person who violates this  
19 subd. 3. a. is guilty of a Class A misdemeanor and subject to the penalty specified in  
20 s. 939.51 (3) (a).

21           b. Subdivision 3. a. does not apply to any person who is disabled, as defined in  
22 s. 49.468 (1) (a) 1., or is aged 62 or older.

23           (b) If the department of commerce determines it may not implement the  
24 limitations on eligibility and housing under par. (a) or impose the penalty under par.  
25 (a) 3. a. without a waiver from the federal department of housing and urban

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1 development and that such a waiver may be requested under federal law, the  
2 department of commerce shall request a waiver. If a waiver that is consistent with  
3 par. (a) is granted and in effect, the department of commerce shall implement the  
4 limitations on eligibility and housing under par. (a). The department of commerce  
5 may not implement any limitation under par. (a) for which a waiver is required  
6 unless a waiver as to that limitation is granted and in effect.

7 **SECTION 39.** 560.9805 (2) (d) of the statutes is created to read:

8 560.9805 (2) (d) The department determines that the grant is consistent with  
9 and will not be used in violation of the limitations on eligibility and housing under  
10 s. 560.9803 (2m).

11 **SECTION 40.** 560.9806 (2) (a) of the statutes is amended to read:

12 560.9806 (2) (a) From the appropriation under s. 20.143 (2) (fm), the  
13 department may award a grant to an eligible applicant for the purpose of providing  
14 transitional housing and associated supportive services to homeless individuals and  
15 families if the conditions under ~~par. (b)~~ par. (b) and (c) are satisfied. The department  
16 shall ensure that the funds for the grants are reasonably balanced among geographic  
17 areas of the state, consistent with the quality of applications submitted.

18 **SECTION 41.** 560.9806 (2) (c) of the statutes is created to read:

19 560.9806 (2) (c) A recipient of a grant under par. (a) shall agree to comply with  
20 the limitations on eligibility and housing for persons and families of low and  
21 moderate income under s. 560.9803 (2m).

22 **SECTION 42. Initial applicability.**

23 (1) FOOD STAMP VIOLATION. The treatment of section 49.795 (6m) and (8) (a)  
24 (intro.), (b) (intro.), (c), and (g) of the statutes first applies to violations occurring on  
25 the effective date of this subsection or, if the department of health services

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1 determines under section 49.79 (10) of the statutes, as created by this act, that a  
2 federal waiver is needed, on the first day on which the waiver is granted and in effect.

3 (2) HIGHER EDUCATION GRANTS AND SCHOLARSHIPS. The treatment of sections  
4 36.11 (56), 39.435 (4) (a) and (b), and 39.44 (3) (a) of the statutes first applies to a  
5 grant or scholarship awarded for the 2011-12 academic year.

6 (3) PERSONAL EXEMPTIONS. The treatment of section 71.05 (23) (b) 2. of the  
7 statutes first applies to taxable years beginning after December 31, 2010.

8 (4) ELIGIBILITY FOR LOW-INCOME ENERGY ASSISTANCE. The treatment of section  
9 16.27 (5) (intro.) and (5m) of the statutes first applies to the eligibility of households  
10 applying for low-income energy assistance under section 16.27 (4) of the statutes on  
11 the effective date of this subsection or, if the department of administration  
12 determines under section 16.27 (5m) (b) of the statutes, as created by this act, that  
13 a federal waiver is needed, on the first day on which the waiver is granted and in  
14 effect.

15 (5) ELIGIBILITY FOR PARTICIPATION IN THE MILWAUKEE PARENTAL CHOICE PROGRAM.  
16 The treatment of section 119.23 (2) (a) 1. of the statutes first applies to a pupil  
17 attending a private school participating in the program under section 119.23 of the  
18 statutes in the 2010-11 school year.

19 (6) ELIGIBILITY FOR HOUSING ASSISTANCE; COMMERCE. The treatment of sections  
20 560.9803 (1) (a) and (2m), 560.9805 (2) (d), and 560.9806 (2) (a) and (c) of the statutes  
21 first applies to housing, housing costs, utility-related costs, grants, or loans  
22 provided, directly or indirectly, by the department of commerce to persons and  
23 families of low and moderate income on the effective date of this subsection or, if the  
24 department of commerce determines under section 560.9803 (2m) (b) of the statutes,

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1 as created by this act, that a federal waiver is needed, on the first day on which the  
2 waiver is granted and in effect.

3 (7) VIOLATION OF ELIGIBILITY REQUIREMENTS; COMMERCE. The treatment of section  
4 560.9803 (2m) (a) 3. of the statutes first applies to violations occurring on the  
5 effective date of this subsection or, if the department of commerce determines under  
6 section 560.9803 (2m) (b) of the statutes, as created by this act, that a federal waiver  
7 is needed, on the date on which the waiver is granted and in effect.

8 (8) ELIGIBILITY FOR HOUSING ASSISTANCE; WISCONSIN HOUSING AND ECONOMIC  
9 DEVELOPMENT AUTHORITY. The treatment of sections 234.03 (intro.), 234.038, 234.04  
10 (1), (2), and (3), 234.06 (1) and (3), 234.49 (2) (a) (intro.), 234.59 (2) (intro.), and  
11 234.592 (2) (intro.) of the statutes first applies to assistance payments, housing,  
12 housing assistance, grants, or loans provided, directly or indirectly, by the Wisconsin  
13 housing and economic development authority to persons and families of low and  
14 moderate income on the effective date of this subsection or, if the Wisconsin housing  
15 and economic development authority determines under section 234.038 (2) of the  
16 statutes, as created by this act, that a federal waiver is needed, on the first day on  
17 which the waiver is granted and in effect.

18 (9) VIOLATION OF ELIGIBILITY REQUIREMENTS; WISCONSIN HOUSING AND ECONOMIC  
19 DEVELOPMENT AUTHORITY. The treatment of section 234.038 (1) (b) 3. of the statutes  
20 first applies to violations occurring on the effective date of this subsection or, if the  
21 Wisconsin housing and economic development authority determines under section  
22 234.038 (2) of the statutes, as created by this act, that a federal waiver is needed, on  
23 the first day on which the waiver is granted and in effect.

24 (10) ELIGIBILITY FOR HOUSING ASSISTANCE; LOCAL HOUSING AUTHORITIES. The  
25 treatment of section 66.1204 of the statutes first applies to assistance payments,

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1 housing, housing assistance, grants, or loans provided, directly or indirectly, by a  
2 housing authority created under subchapter XII of chapter 66 of the statutes to a  
3 person of low income on the effective date of this subsection or, if such an authority  
4 determines under section 66.1204 (2) of the statutes, as created by this act, that a  
5 federal waiver is needed, on the first day on which the waiver is granted and in effect.

6 (11) DRUG TESTING FOR PUBLIC ASSISTANCE. The treatment of sections 49.148 (4),  
7 49.79 (1) (a) and (5), and 48.842 of the statutes first applies to eligibility and  
8 continued eligibility determinations that are made on the effective date of this  
9 subsection.

10 (END)