

GOVERNOR'S VETO MESSAGE

July 8, 2021

To the Honorable Members of the Assembly:

I am vetoing **Assembly Bill 367** in its entirety.

The bill, as amended, would require the Governor to allocate \$65,000,000 in federal funds received under the American Rescue Plan Act of 2021 (ARPA) for loans to be made by the Wisconsin Economic Development Corporation (WEDC) to finance the purchases of the Verso Paper Mill in the city of Wisconsin Rapids and the Park Falls Pulp and Paper Mill in the city of Park Falls, allocating \$50 million for the Verso Paper Mill and \$15 million for the Park Falls Pulp and Paper Mill, respectively. The bill also specifies terms and conditions regarding the loans, including a requirement that WEDC acquire a security interest in the properties.

I am vetoing this bill because I object to using ARPA funding for this purpose when the state has sufficient GPR funding to support the project and ARPA is not a reliable funding source to provide the long-term assistance needed to revive these mills and provide stable jobs to their workers. First, it is not clear that the U.S. Department of Treasury will permit ARPA funds to be used for this purpose. Treasury's Interim Final Rule governing ARPA eligibility requires that assistance provided to businesses must respond to the negative economic impacts of COVID-19. Because many mills were experiencing significant financial difficulties prior to the COVID-19 pandemic as a result of long-term economic and industrial trends in this sector, the federal government may view the assistance as insufficiently tied to the impacts of the pandemic. Second, ARPA funds are only available for use through December 31, 2024, limiting their flexibility for the type of long-term loans needed by potential purchasers of the mills.

If a project was legislatively mandated and later deemed ineligible, the state would have to return the funds to the federal government. It is inappropriate to use a funding source that presents such risks and challenges when the state is in a strong financial position, sufficient GPR is available, and using state resources would provide greater flexibility on agreement terms and lower risk to the state. I previously called a special session of the Legislature to act on legislation that would have allowed us to invest \$1 billion into economic development projects and initiatives across our state. Republicans gaveled out of that special session without deliberation or debate. Shortly thereafter, this bill was introduced, and I worked with the WEDC, legislators from both parties, local elected officials, and workers to reach a bipartisan agreement to amend Assembly Bill 367 and reach a solution without potentially jeopardizing state support for the mills or federal funds. Unfortunately, that amendment was not adopted.

I support efforts to provide reliable, long-term relief to Wisconsin's vital paper industry and the workers at the Wisconsin Rapids and Park Falls mills. My administration has and will continue to work with local stakeholders to support these efforts. I put forward a bipartisan agreement

providing an alternative funding mechanism for this relief that is realistic and can provide the communities a path forward, and I would welcome the Legislature to present legislation consistent with those conversations. Following my action on the state budget, there is ample state funding available for this and other priorities of the state.

Respectfully submitted,
TONY EVERS
Governor