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# Wisconsin Briefs

from the Legislative Reference Bureau

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Brief 10–2

May 2010

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## EXECUTIVE VETOES OF BILLS PASSED BY THE 2009 WISCONSIN LEGISLATURE FROM JANUARY 13, 2009, TO MAY 21, 2010

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### I. INTRODUCTION

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This brief contains the veto messages of Governor Jim Doyle affecting all legislation, except 2009 Wisconsin Act 28, as passed by the 2009 Wisconsin Legislature from January 13, 2009, to May 21, 2010. (See *Wisconsin Brief 09–5* for the partial vetoes of 2009 Wisconsin Act 28, the executive budget act.)

#### *Status of Legislation*

During the 2009 legislative session, from January 13, 2009, to May 21, 2010, there were 1,689 bills introduced, of which 406 bills were passed by both houses.

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#### *Veto Brief Format*

This brief provides the following information:

1. The legislative action for each completely vetoed or partially vetoed bill, including the vote for final passage in each house and the page number of the loose–leaf journals in each house referring to the vote. (“S.J.” stands for Senate Journal; “A.J.” stands for Assembly Journal.)
2. The text of the governor’s veto message for each bill.
3. For partially vetoed bills, the sections of the act in which the veto occurred (with the vetoed material indicated by a distinguishing shading — *like this*, and the write–downs indicated by a distinguishing reverse shading of white numerals on black background — *like this*).

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## II. COMPLETELY VETOED BILLS

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### 2009 Senate Bill 223: Composition of the Board of Regents of the University of Wisconsin System

On November 5, 2009, the senate adopted Senate Amendment 1 to Senate Bill 223 on a voice vote, S.J. 11/05/09, p. 409, and passed Senate Bill 223, as amended, on a voice vote, S.J. 11/05/09, p. 409.

On November 5, 2009, the assembly concurred in Senate Bill 223 by a vote of 59 to 34, A.J. 11/05/09, p. 501.

On December 11, 2009, the Governor vetoed Senate Bill 223, S.J. 12/14/09, p. 440.

#### TEXT OF GOVERNOR’S VETO MESSAGE

December 11, 2009

To the Honorable Members of the Senate:

I am vetoing **Senate Bill 223** in its entirety. The bill divides the state’s counties into seven geographical districts and requires that at least one citizen member of the University of Wisconsin System Board of Regents be appointed from each district. The requirement takes effect on January 1, 2012.

Of the 18 Board of Regent members authorized under current law, four are specifically prescribed by statute: the State Superintendent of Public Instruction, the President of the Wisconsin Technical College System Board and two student members appointed by the Governor. Along with the statutorily prescribed members, the remaining 14 citizen members are appointed by the Governor to lead a world class higher education system that spans the entire state and includes two doctoral campuses, 11 four-year comprehensive campuses, 13 two year campuses and the statewide University of Wisconsin Extension.

The Governor is responsible for appointing Regents who are committed to efficient and effective management of the University of Wisconsin System as a whole. Senate Bill 223 would undermine the unified strength and efficiency of the System by requiring governors to appoint half of the citizen regents based on district of residency. This bill would encourage the appointment of regents whose primary job is to advocate narrowly for the needs of campuses located in their home districts rather than to address how to most efficiently and effectively serve the broader expectations of Wisconsin’s taxpayers, busi-

nesses and students. I am concerned that enacting this requirement will lead to increased duplication of programs among campuses that, while providing some convenience for students attending a specific campus, will significantly increase the cost to taxpayers. Furthermore, it will hamper the board’s ability to eliminate underutilized programs, reallocate resources between campuses and address the evolving educational needs of our workforce.

In addition, the bill assumes that the existing regent appointment process has served to disadvantage campuses located in the northwest or southwest portions of the state. However, system data indicate that state funding for these campuses as a percent of their total budgets slightly exceeds the statewide average of 11 comprehensive campuses and significantly exceeds the levels provided to the Madison and Milwaukee campuses.

I understand the arguments of supporters of this legislation that requiring geographical representation on the Board of Regents will ensure that the needs of individual campuses will not be overlooked in the budget and policy development process. However, the flexibility in making appointments provided to governors under current law has helped create and maintain one of the best higher education systems in the world without sacrificing the quality of any of the University of Wisconsin’s 27 campuses.

Respectfully submitted,  
JIM DOYLE  
Governor

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### 2009 Senate Bill 434: The sale of unpasteurized milk

On April 15, 2010, the senate adopted Senate Substitute Amendment 1 [as amended by Senate Amendment 1] to Senate Bill 434 on a voice vote, S.J. 04/15/10, p. 719, and passed Senate Bill 434, as amended, by a vote of 25 to 8, S.J. 04/15/10, p. 719.

On April 22, 2010, the assembly concurred in Senate Bill 434 by a vote of 60 to 35, A.J. 04/22/10, p. 962.

On May 19, 2010, the Governor vetoed Senate Bill 434, S.J. 05/19/10, p. 804.

### TEXT OF GOVERNOR'S VETO MESSAGE

May 19, 2010

To the Honorable Members of the Senate:

I am vetoing **Senate Bill 434** in its entirety. I commend the Legislature for their thoughtful consideration of this issue, but the public health community has been nearly unanimous in their opposition to this proposal. I cannot ignore the potential harmful health effects of consuming unpasteurized milk that have been raised by many groups, including: the Wisconsin Chapter of the American Academy of Pediatrics, the Wisconsin Public Health Association, the Wisconsin Association of Local Health Departments and Boards, the Wisconsin Academy of Family Physicians, the Wisconsin Medical Society, Marshfield Clinic, Gundersen Lutheran and the Wisconsin Veterinary Medical Association.

The sale of unpasteurized milk has become an increasingly contentious issue in Wisconsin and around the country. I recognize that there are strong feelings on both sides of this matter, but I must side with public health and the safety of the dairy industry. Therefore, I am vetoing this bill.

Farmers who sell unpasteurized milk under the bill would be required to test the milk monthly and if pathogens are found, the Department of Agriculture, Trade and Consumer Protection could suspend a farmer's registration. However, these monthly tests would not be enough to ensure that all of the farmer's milk is free from harmful contaminants. This could result in serious illness or even death. Other states that allow the sale of raw milk have had to strengthen standards that are stricter than those in the bill following outbreaks of illness from drinking unpasteurized milk. The State of California requires a more comprehensive testing approach than what is contained in this bill. Their testing regimen quantifies coliform bacteria, a broad group of organisms that includes some types of pathogens, but also provides an overall

indication of the hygiene level of the milk. This bill does not contain adequate testing requirements to ensure the safety of the public when consuming unpasteurized milk.

The dairy industry is the centerpiece of Wisconsin agriculture. We have worked successfully over the last seven years to modernize Wisconsin's dairy industry. An outbreak of disease from consumption of unpasteurized milk could damage the state's reputation for providing good, healthy dairy products, and hurt sales of pasteurized milk and other dairy products, resulting in significant financial loss for the entire dairy industry at a time when dairy farmers are already suffering.

I recognize that there has been thoughtful and spirited discussion of this issue from proponents and opponents of the bill. The hard work of legislators in crafting this bill is to be commended. However, significant questions must be answered and improvements should be made, particularly in strengthening testing requirements of unpasteurized milk, before enacting this type of legislation. In January 2010 the Department of Agriculture, Trade and Consumer Protection created a Raw Milk Working Group comprised of a wide array of stakeholders and experts charged with reviewing the legal and regulatory framework that might allow for the sale of unpasteurized milk to consumers without compromising public health. I believe the Working Group should be allowed to complete its analysis prior to making changes to the legal framework surrounding unpasteurized milk.

I believe this veto is the right decision to protect the health and safety of Wisconsin citizens.

Respectfully submitted,  
JIM DOYLE  
Governor

### **2009 Senate Bill 616: Energy conservation standards for the construction of certain buildings, energy and environmental design standards for state buildings and local government buildings, leasing of state buildings, standards for construction and use of graywater systems**

On April 20, 2010, the senate adopted Senate Substitute Amendment 1 to Senate Bill 616 on a voice vote, S.J. 04/20/10, p. 747, and passed Senate Bill 616 by a vote of 19 to 14, S.J. 04/20/10, p. 747.

On April 22, 2010, the assembly concurred in Senate Bill 616 by a vote of 59 to 38, A.J. 04/22/10, p. 952.

On May 19, 2010, the Governor vetoed Senate Bill 616, S.J. 05/19/10, p. 804.

**TEXT OF GOVERNOR’S VETO MESSAGE**

May 19, 2010

To the Honorable Members of the Senate:

I am vetoing **Senate Bill 616** in its entirety. The bill mandates that:

“The building commission shall apply all moneys available for its use under the authorized state building program to achieve certification as of January 1, 2015, by the U.S. Green Building Council for not less than 15 percent of the total gross square footage of conditioned space in buildings, structures, and facilities that are owned or leased by agencies on that date, as determined by the department of administration under s. 16.856(3), as conforming at a minimum to LEED performance requirements for the operation and maintenance of existing buildings. . . .”

The requirement that “the building commission shall apply all moneys available for its use under the authorized state building program” for this single purpose is extremely problematic. It will result in all current maintenance projects being delayed indefinitely. In the future, the commitment of all these funds for this single purpose will also sharply curtail the state’s ability to build new buildings or maintain its existing facilities.

I understand and support the underlying goals of this legislation which would move Wisconsin forward by building greener, more energy efficient and sustainable public buildings. Green building practices can substantially cut costs of operating and maintaining buildings over their useful lives. A small investment in green building design yields long-term financial and environmental benefits such as conservation of water, energy, materials and land.

I am a proponent of high performance green building practices and have taken steps to make us a leader in the

nation. I issued Executive Order #145 in April 2006, directing the adoption of higher energy conservation and sustainable building standards for state-owned buildings. I proposed and advocated for the Clean Energy Jobs Act, which included landmark programs to increase renewable energy standards, enhance energy efficiency and conservation efforts, and would have supported the creation of at least 15,000 green jobs in the state by 2025.

Unfortunately, Senate Bill 616 is unworkable. There is some argument that the language in the bill does not mean what it says. However, the language is clear and I must rely upon it.

In addition, the energy reduction goals in the bill would require large-scale application of technologies that are not compatible with facilities in urban environments. The requirements for LEED Existing Building (LEED EB) certification would increase the scope and cost of minor repair projects. The standards for leased space would likely force the relocation of state tenants and make rental of space in some areas impracticable.

The underlying goals of the bill are laudable and I remain fully committed to green building practices and energy conservation initiatives. Unfortunately, though the bill affects all moneys available for the state building program, it does not contain an appropriation, so I cannot fix the unworkable provisions of the bill. As such, I am directing the Department of Administration to incorporate goals and processes similar to Senate Bill 616 into capital budget legislation for the 2011-13 biennium.

Respectfully submitted,  
JIM DOYLE  
Governor

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**2009 Assembly Bill 138: The appointment and term of service of the secretary of natural resources and vacancies on the Natural Resources Board**

On September 22, 2009, the assembly passed Assembly Bill 138 by a vote of 61 to 32, Paired 4, A.J. 09/22/09, p. 405.

On November 5, 2009, the senate adopted Senate Amendment 1 to Assembly Bill 138 on a voice vote, S.J. 11/05/09, p. 412, and concurred in Assembly Bill 138, as amended, by a vote of 21 to 11, S.J. 11/05/09, p. 412.

On November 5, 2009, the assembly concurred in Senate Amendment 1 to Assembly Bill 138 by a vote of 49 to 44, A.J. 11/05/09, p. 508.

On November 13, 2009, the Governor vetoed Assembly Bill 138, A.J. 11/16/09, p. 521.

## TEXT OF GOVERNOR'S VETO MESSAGE

November 13, 2009

To the Honorable Members of the Assembly:

I am vetoing **Assembly Bill 138** in its entirety. This bill would require the Secretary of the Department of Natural Resources to be nominated by the Natural Resources Board, and with the advice and consent of the Senate, appointed for a four-year term.

The appointment of the Secretary of the Department of Natural Resources has long been debated in Wisconsin, with impassioned supporters on both sides. However, I believe the people and natural resources of our state are best served with a Secretary appointed by the Governor. Our impressive environmental record shows this to be the case.

With the strong backing of the Governor, we have taken significant steps to improve our environment. Among our many accomplishments are:

- **RENEWABLE PORTFOLIO STANDARDS:** We were one of the first states in the nation to establish renewable portfolio standards, setting energy policies that create jobs, clean our air and water and save us money.
- **CHARTER STREET:** We converted the largest coal burning power plant in state government into a 100% biomass and natural gas plant, reducing our reliance on fossil fuels and creating markets for agriculture and forest products.
- **REGULATORY REFORM:** We eliminated the backlog in air permits while maintaining the highest environmental standards. Air permits that used to take as long as two or three years are now issued, on average, in 50 days, with water permits issued in 45 days. Many of the permits allow existing companies to install new technologies to reduce pollution, a benefit to the environment and public health.
- **LAND CONSERVATION:** We fought for the reauthorization and expansion of the Stewardship program to preserve valuable natural areas and wildlife habitat, protect water quality and expand opportunities for outdoor recreation. Since 2003, we have protected nearly 250,000 acres of land.
- **IMPROVED AIR QUALITY:** We improved Wisconsin's air quality by reducing mercury emissions by 90 percent and implementing a series of air quality rules, protecting public health and the environment.
- **INCREASED ENFORCEMENTS:** In my time as Governor, DNR has averaged more notices of violation and more referrals to the Department of Justice for environmental violations than the previous nine years.

- **GROUNDWATER PROTECTIONS:** As Governor, I called for, and signed into law, a bill that ensures communities will have access to the clean water for their citizens and for future generations.
- **GREAT LAKES PROTECTION:** We made history with the passage of the Great Lakes Compact, ensuring the protection of the world's largest fresh water basin for generations to come.
- **WATER QUALITY:** We made it a priority to clean up PCBs and polluted sediment in our water. Projects like the Kinnickinnic River clean-up in Milwaukee and the St. Louis River in Superior and Duluth are now complete. And after years of lawsuits, major dredging finally began on the Lower Fox River, the largest river clean-up in U.S. history.
- **INVASIVE SPECIES:** In my budgets, we have tripled funding to fight aquatic invasive species and launched a program to help communities and organizations stop their spread.
- **CARP BARRIER:** We have worked with other Midwest Governors and the federal government to construct a barrier to keep Asian Carp out of Lake Michigan, providing more than \$67,000 in DNR resources.
- **SUSTAINABLE FORESTRY MANAGEMENT:** For the first time, we have developed Biomass Harvest Guidelines to ensure our forests are managed sustainably, allowing harvesting for our paper industry and emerging bio-fuels while maintaining our forests for future generations.
- **FOREST CERTIFICATION:** We made forest certification an important part of my Grow Wisconsin initiative. Now all Wisconsin state and county forest land has been third-party certified as sustainable, providing a competitive edge in this green industry and assuring citizens that our forest resources will be available in the future.

A board appointed Secretary could not have achieved these and other important environmental measures alone. A Secretary alone could not have brought together Governors from eight states to pass the Great Lakes Compact. A Secretary alone could not have prioritized and expanded Stewardship funds during tough budget times. A Secretary alone could not have moved forward major air quality measures. But working with a direct line to the Governor, major environmental progress is possible.

The DNR Secretary is also an integral part of a Governor's Cabinet, playing a regular and key role in inter-agency projects. The DNR sits on the Governor's BioCabinet, developing new policies to grow green jobs in Wisconsin and practices to conserve energy. In June

2008, the DNR worked closely with the Department of Transportation to respond to massive flooding, working with DOT to quickly restore Lake Delton after the lake was drained due to historic floods. The Cabinet, and state government, is able to do more with the DNR at the table.

Finally, a Secretary appointed by the Governor ensures a direct line of accountability for citizens concerned about the natural resources policy of the State of Wisconsin. All Cabinet agencies provide critical functions, yet no one suggests the Secretaries of Revenue or Health Services should not be accountable to the Governor and the people of the state. While sound science, data and citizen input will always be the guiding forces of decision making at the DNR, voters choose a Governor because they agree with the vision he or she has for the entire state—including protecting natural resources.

Over the past 50 years, the scope of the departments authority to protect natural resources has grown dramatically. With this comes great responsibility to exercise power wisely. When the department is part of the Governor’s Administration, the Governor is directly responsible for decisions made by the department.

When I ran for office I pledged to be a strong defender of the environment, to reform our regulatory process, to work to remove mercury from our air, to expand the Stewardship program, to increase the use of biofuels and move towards energy independence. I believe we were able to accomplish these and other major environmental efforts because a Governor was working closely with a Governor-appointed DNR Secretary.

Respectfully submitted,  
JIM DOYLE  
Governor

**2009 Assembly Bill 273: The Podiatrists Affiliated Credentialing Board and the podiatrist–patient privilege**

On September 17, 2009, the assembly passed Assembly Bill 273 on a voice vote, A.J. 09/17/09, p. 388.

On November 5, 2009, the senate concurred in Assembly Bill 273 on a voice vote, S.J. 11/05/09, p. 413.

On December 11, 2009, the Governor vetoed Assembly Bill 273, A.J. 12/11/09, p. 539.

**TEXT OF GOVERNOR’S VETO MESSAGE**

December 11, 2009

To the Honorable Members of the Assembly:

Of the 18 Board of Regent members authorized under current law, four are specifically prescribed by statute: the State Superintendent of Public Instruction, the President of the Wisconsin Technical College System Board and two student members appointed by the Governor. Along with the statutorily prescribed members, the remaining 14 citizen members are appointed by the Governor to lead a world class higher education system that spans the entire state and includes two doctoral campuses, 11 four–year comprehensive campuses, 13 two year campuses and the statewide University of Wisconsin Extension.

I am vetoing **Assembly Bill 273** in its entirety. The bill makes a variety of important changes to the regulation of

podiatrists in Wisconsin. While the bill intended to expand the list of health care providers who can diagnose an illness or injury for Department of Veterans Affairs purposes to include podiatrists, due to a drafting error, the bill inadvertently limits the health care providers to those acting within the scope of a podiatrist’s license.

I support the intent of the legislation, but to avoid potential delays in the certification of a physical or mental illness injury for needy veterans to qualify for grants from the Department of Veterans Affairs, I am vetoing the bill in its entirety. I look forward to signing the companion Senate Bill 191 once this error has been corrected.

Respectfully submitted,  
JIM DOYLE  
Governor

**2009 Assembly Bill 371: Privileges under a Class A or Class B bear hunting license and bear carcass tag requirements**

On January 28, 2010, the assembly adopted Assembly Substitute Amendment 1 [as amended by Assembly Amendment 1] to Assembly Bill 371 on a voice vote, A.J. 01/28/10, p. 614, and passed Assembly Bill 371, as amended, on a voice vote, A.J. 01/28/10, p. 614.

On April 15, 2010, the senate adopted Senate Amendment 1 to Assembly Bill 371 on a voice vote, S.J. 04/15/10, p. 726, and concurred in Assembly Bill 371, as amended, on a voice vote, S.J. 04/15/10, p. 726.

On April 22, 2010, the assembly concurred in Senate Amendment 1 to Assembly Bill 371 on a voice vote, A.J. 04/22/10, p. 958.

On May 19, 2010, the Governor vetoed Assembly Bill 371, A.J. 05/19/10, p. 983.

### TEXT OF GOVERNOR'S VETO MESSAGE

May 19, 2010

To the Honorable Members of the Assembly:

I am vetoing **Assembly Bill 371** in its entirety. This bill would make several changes to the hunting of bear including allowing a Class B license holder to shoot and kill a bear that was already shot and wounded by a Class A license holder in the same hunting party, requiring the Department of Natural Resources (DNR) to allow the training of dogs during an open bear hunting season that allows hunting with a dog, allowing a person under the age of sixteen to engage in permitted activities of a Class B license without holding that license, establishing a weekend in August for those without a license to engage in permitted activities of a Class B license and requiring DNR to establish Labor Day and the day after Labor Day as days to allow bear hunting without the use of dogs (this provision sunsets December 31, 2012).

These changes to bear hunting were introduced and passed against the stated wishes of a majority of citizens who participated in the 2010 Conservation Congress Spring Hearings. Several of the provisions included in AB 371 were put to citizens for a vote and every issue, except the youth Class B activities, were opposed by a majority of participants. I value the role that the Conservation Congress plays in this state and object to legislation that bypasses that process.

The provisions that allow a Class B license holder to shoot and kill a bear that was already shot and wounded by a Class A license holder in their hunting party were vaguely designed and will be hard to enforce. The bill does not contain a definition of "same hunting party" and while the bill requires the Class A license holder to authorize a Class B license holder to shoot, the bill does not require the Class A license holder to be physically present. Group hunting for deer requires each member to be in visual or voice contact without the aid of an electronic amplifying device (except a hearing aid). It will be diffi-

cult for wardens to ascertain who made the first shot and whether the Class A license holder authorized the shooting in advance, or only after the fact.

Allowing dog training during the open season for hunting bear with the use of dogs may also increase conflicts in the woods between hunters who use dogs and those who hunt with bait. Hunters may already train dogs for two months during the summer and allowing this additional time is unfair to hunters who have waited years to finally obtain a hunting license and spent hours over bait piles or hunting with other methods, and have their time and effort disturbed by packs of dogs.

Requiring the DNR to establish a bear hunting season without the use of dogs on Labor Day and the day after Labor Day also sets up the potential for dangerous interactions between bear hunters and the thousands of people who enjoy the extended weekend in the states parks, forests and trails. This interaction would also be disruptive to the hunters, who need peaceful surroundings for a successful harvest and not bikers, hikers and campers disturbing their bait areas. While attempting to give additional time to bear hunters who hunt without the use of dogs may be an admirable goal, Labor Day weekend is not the time to do so.

I would normally support the provisions in the bill to encourage new hunters to try activities related to bear hunting; however, I cannot support the other provisions at this time. Citizens have spoken, via the spring hearings, and opposed many of these measures. Conflicts in the woods must be avoided whenever possible and this bill would set up potential conflicts between hunters, landowners and outdoor enthusiasts.

Respectfully submitted,  
JIM DOYLE  
Governor

**III. PARTIALLY VETOED BILLS**

**2009 Wisconsin Act 89 (Senate Bill 40): Public financing of campaigns for the office of justice of the supreme court**

On November 5, 2009, the senate adopted Senate Amendments 1, 2, 3, and 4 to Senate Bill 40 on voice votes, S.J. 11/05/09, p. 407, and passed Senate Bill 40, as amended, by a vote of 19 to 13, S.J. 11/05/09, p. 408.

On November 5, 2009, the assembly concurred in Senate Bill 40 by a vote of 51 to 42, Paired 2, A.J. 11/05/09, p. 500.

On December 1, 2009, the Governor approved in part and vetoed in part Senate Bill 40, and the part approved became 2009 Wisconsin Act 89, S.J. 12/01/09, p. 429. The date of enactment is December 1, 2009, and the date of publication is December 15, 2009, and, as provided by section 991.11, Wisconsin Statutes, the effective date of all provisions of the act is December 16, 2009, except those provisions for which the act expressly provides a different date.

**TEXT OF GOVERNOR’S VETO MESSAGE**

December 1, 2009

To the Honorable Members of the Senate:

I have approved **Senate Bill 40** as 2009 Wisconsin Act 89 and have deposited it in the Office of the Secretary of State. While I applaud the bill’s efforts to reform campaign financing for Supreme Court Justice elections, I have exercised the partial veto to ensure that the legislation as amended meets the original intent of the authors.

Senate Bill 40 establishes public financing for the election of Justice of the Supreme Court by creating the financing option and two supplemental grants for the participating candidate. One supplemental grant relates to disbursements by a nonparticipating candidate and the other relates to independent disbursements made by other entities. Under the independent disbursement section, the bill as amended deducts the base grant amount from

the supplemental grant, reducing funding available to a participating candidate.

I am partially vetoing section 17 [as it affects s. 11.513 (2)] to ensure that, if independent disbursements exceed the threshold established in the bill, a participating candidate will receive a supplemental grant equal to the first independent disbursement dollar expended or obligated to be expended, without a reduction equal to the base grant amount.

I believe the partial veto I made to SB 40 brings the effect of the bill in alignment with the bill’s original intent and helps to ensure the integrity of Wisconsin’s Supreme Court.

Respectfully submitted,  
JIM DOYLE  
Governor

**Item-1. Section 17**

**Governor’s written objections**

*Section 17*

I am partially vetoing section 17 [as it affects s. 11.513 (2)] to ensure that, if independent disbursements exceed the threshold established in the bill, a participating candidate will receive a supplemental grant equal to the first independent disbursement dollar expended or obligated to be expended, without a reduction equal to the base grant amount.

**Cited segments of 2009 Senate Bill 40:**

**SECTION 17.** 11.501 to 11.522 of the statutes are created to read:

**11.513 Independent disbursements.**

(2) When the aggregate independent disbursements made or obligated to be made by a person against an eligible candidate for an office or for the opponents of

**Vetoed  
In Part**

that candidate exceed 120 percent of the public financing benefit for that office in the primary election campaign period or the election campaign period, the board shall immediately certify to the state treasurer the name of that candidate together with the amount of a supplemental grant that shall become payable to that candidate. The supplemental grant shall be equivalent to the aggregate independent disbursements **exceeding the applicable public financing benefit** made or obligated to be made by

a person, but not to exceed, exclusive of any amount to which a candidate is entitled under s. 11.512 (2), an amount equal to 3 times the public financing benefit payable to a candidate for the applicable office at the primary or other election for which the benefit is received. The state treasurer shall then immediately credit that candidate with an additional line of credit for the amount certified.

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**2009 Wisconsin Act 265 (Senate Bill 409): Postsecondary education tax credit for businesses, annual limits on angel investment tax credits, grants to the WiSys Technology Foundation, Inc., business plan competitions and an emerging technology center in the University of Wisconsin System**

On January 21, 2010, the senate adopted Senate Substitute Amendment 1 [as amended by Senate Amendment 1] to Senate Bill 409 on a voice vote, S.J. 01/21/10, p. 497, and passed Senate Bill 409, as amended, by a vote of 32 to 1, S.J. 01/21/10, p. 497.

On April 15, 2010, the assembly adopted Assembly Amendment 6 to Senate Bill 409 on a voice vote, A.J. 04/15/10, p. 865, and concurred in Senate Bill 409, as amended, by a vote of 88 to 9, A.J. 04/15/10, p. 865.

On April 20, 2010, the senate concurred in Assembly Amendment 6 to Senate Bill 409 by a vote of 18 to 15, S.J. 04/20/10, p. 744.

On May 10, 2010, the Governor approved in part and vetoed in part Senate Bill 409, and the part approved became 2009 Wisconsin Act 265, S.J. 05/10/10, p. 792. The date of enactment is May 10, 2010, and the date of publication is May 24, 2010, and, as provided by section 991.11, Wisconsin Statutes, the effective date of all provisions of the act is May 25, 2010, except those provisions for which the act expressly provides a different date.

**TEXT OF GOVERNOR'S VETO MESSAGE**

May 10, 2010

To the Honorable Members of the Senate:

I have approved **Senate Bill 409** as 2009 Wisconsin Act 265 and have deposited it in the Office of the Secretary of State. While I applaud the bill's significant efforts to promote economic development, I have exercised the partial veto to help limit the effect of this bill on the general fund balance and preserve equity between investment tax credit programs.

Senate Bill 409, the CORE Jobs Bill, creates and expands a number of tax credit programs, grant programs and loan programs aimed at spurring economic development and job creation. Major investments are made in advanced manufacturing skill training, support for job skills enhancement training, tax credits for post-secondary education, grants to support conversion of manufacturing facilities to produce renewable energy or manufacturing equipment used to produce renewable energy, and incentives to jump-start and grow new businesses. Among the changes is an increase to the early stage seed

tax credit from 25 percent to 40 percent of the investment in a qualified new business venture.

Unfortunately, while the bill increases the early stage seed tax credit it does not include a parallel increase to the angel investment tax credit. These two programs have historically contained symmetrical incentives for both early stage seed investors and angel investors. I object to the inequity the enrolled bill creates between these parallel tax credit programs. I am therefore vetoing sections 23g, 23h, 28g, 28h, 32g and 32h to ensure parity between the incentives for angel investors and early state seed investors. This veto will also help to limit the fiscal effect of the bill on the general fund balance.

I believe the partial vetoes I have made to SB 409 maintain the economic development benefits of the bill, while controlling the fiscal impact to the general fund and preserving equity for investors in new business ventures.

Respectfully submitted,  
JIM DOYLE  
Governor

**Item-1. Sections 23g, 23h, 28g, 28h, 32g, and 32h**

**Governor’s written objections**

*Sections 23g, 23h, 28g, 28h, 32g, and 32h*

Unfortunately, while the bill increases the early stage seed tax credit it does not include a parallel increase to the angel investment tax credit. These two programs have historically contained symmetrical incentives for both early stage seed investors and angel investors. I object to the inequity the enrolled bill creates between these parallel tax credit programs. I am therefore vetoing sections 23g, 23h, 28g, 28h, 32g and 32h to ensure parity between the incentives for angel investors and early state seed investors. This veto will also help to limit the fiscal effect of the bill on the general fund balance.

**Cited segments of 2009 Senate Bill 409:**

**AN ACT to repeal** 20.143 (1) (cp), 20.285 (1) (eg), 36.25 (54), 560.30 (1), 560.41 (3), 560.42 (1), 560.60 (1s) and 560.685; **to renumber** 560.41 (1); **to renumber and amend** 560.205 (3) (d) and 560.41 (1m); **to amend** 20.143 (1) (c), 20.143 (1) (d), 20.143 (1) (fi), 20.143 (1) (gc) (title), 20.143 (1) (ie), 20.143 (1) (ig), 20.143 (1) (im), 20.143 (1) (io), 20.143 (1) (ir), 20.143 (1) (kj), 38.41 (3) (d), 71.05 (6) (a) 15., 71.07 (3q) (c) 3., 71.07 (5b) (b) 1., 71.07 (5b) (b) 2., 71.21 (4), 71.26 (2) (a) 4., 71.28 (3q) (c) 3., 71.28 (5b) (b) 1., 71.28 (5b) (b) 2., 71.34 (1k) (g), 71.45 (2) (a) 10., 71.47 (3q) (c) 3., 71.47 (5b) (b) 1., 71.47 (5b) (b) 2., 77.92 (4), 560.03 (9), 560.03 (19), 560.2055 (4) (c), 560.27 (3) (c), 560.301 (intro.), 560.304, 560.305 (1) (intro.), 560.305 (3), 560.305 (4), subchapter III (title) of chapter 560 [precedes 560.41], 560.41 (2), 560.42 (2) (a) and (b), (2m) (intro.), (2r), (3) and (4), 560.43 (title), (1) (intro.), (a), (b), (c) and (g) and (2), 560.44 (1) (intro.), 560.44 (2), 560.602 (intro.), 560.605 (1) (intro.), 560.605 (2m) (intro.), 560.605 (2m) (h), 560.605 (7) (intro.), 560.605 (7) (f), 560.61, 560.68 (2), 560.68 (4), 560.68 (5) (intro.), 560.68 (5m), 560.68 (6), 560.68 (7) (intro.) and 560.703 (1) (a); **and to create** 15.155 (2) (c), 20.143 (1) (cp), 20.285 (1) (cd), 20.285 (1) (eb), 20.285 (1) (eg), 20.437 (2) (fr), 36.25 (52), 36.25 (53), 36.25 (54), 49.265 (3) (b) 11., 49.265 (4) (cm), 71.07 (5d) (c) 4., 71.07 (5r), 71.10 (4) (cd), 71.28 (5r), 71.30 (3) (cd), 71.47 (5r), 71.49 (1) (cd), 560.203, 560.205 (3) (d) 1., 560.205 (3) (d) 2., 560.27 (1) (c), 560.276, 560.41 (1c), 560.41 (1g), 560.41 (1r), 560.42 (1m) and 560.42 (5) of the statutes; **relating to:** a postsecondary education tax credit for businesses; grants to certain community action agencies for skills enhancement programs; increasing annual limits on angel investment tax credits; modifying the early stage seed and jobs tax credits; awarding grants to the WiSys Technology Foundation, Inc.; business plan competitions and an emerging technology center in the University of Wisconsin System; rural outsourcing grants; requiring the Department of Commerce to award grants to a high-technology business development corporation and grants for converting manufacturing facilities; increasing funding for certain economic development programs; a pilot program providing microloans for the creation of new businesses; increasing funding for certain technical college training program grants; providing an exemption from emergency rule procedures; granting rule-making authority; and making appropriations.

**Vetoed  
In Part**

**Vetoed  
In Part**

**SECTION 23g.** 71.07 (5b) (b) 1. of the statutes is amended to read:

71.07 (5b) (b) 1. For taxable years beginning after December 31, 2004, subject to the limitations provided under this subsection and s. 560.205, and except as provided in subd. 2., a claimant may claim as a credit against the tax imposed under ss. 71.02 and 71.08, up to the amount of those taxes, 25 percent of the claimant’s investment paid to a fund manager that the fund manager invests in a business certified under s. 560.205 (1), except that, for taxable years beginning after December 31, 2009, and before January 1, 2014, a claimant may claim 40 percent of the claimant’s investment paid to a fund

manager that the fund manager invests in a business certified under s. 560.205 (1), if the fund manager has invested no more than \$500,000 in the business and the business has received no more than \$2,000,000 in investments that have qualified for credits under this subsection or s. 71.28 (5b) or 71.47 (5b).

**Vetoed  
In Part**

**SECTION 23h.** 71.07 (5b) (b) 2. of the statutes is amended to read:

71.07 (5b) (b) 2. In the case of a partnership, limited liability company, or tax-option corporation, the computation of the 25 or 40 percent limitation under subd. 1. shall be determined at the entity level rather than the claimant level and may be allocated among the

**Vetoed In Part** claimants who make investments in the manner set forth in the entity's organizational documents. The entity shall provide to the department of revenue and to the department of commerce the names and tax identification numbers of the claimants, the amounts of the credits allocated to the claimants, and the computation of the allocations.

**Vetoed In Part** **SECTION 28g.** 71.28 (5b) (b) 1. of the statutes is amended to read:

71.28 (5b) (b) 1. For taxable years beginning after December 31, 2004, subject to the limitations provided under this subsection and s. 560.205, and except as provided in subd. 2., a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of those taxes, 25 percent of the claimant's investment paid to a fund manager that the fund manager invests in a business certified under s. 560.205 (1), except that, for taxable years beginning after December 31, 2009, and before January 1, 2014, a claimant may claim 40 percent of the claimant's investment paid to a fund manager that the fund manager invests in a business certified under s. 560.205 (1), if the fund manager has invested no more than \$500,000 in the business and the business has received no more than \$2,000,000 in investments that have qualified for credits under this subsection or s. 71.07 (5b) or 71.47 (5b).

**SECTION 28h.** 71.28 (5b) (b) 2. of the statutes is amended to read:

71.28 (5b) (b) 2. In the case of a partnership, limited liability company, or tax-option corporation, the computation of the 25 or 40 percent limitation under subd. 1. shall be determined at the entity level rather than the claimant level and may be allocated among the claimants who make investments in the manner set forth in the entity's organizational documents. The entity shall provide to the department of revenue and to the department of commerce the names and tax

identification numbers of the claimants, the amounts of the credits allocated to the claimants, and the computation of the allocations.

**SECTION 32g.** 71.47 (5b) (b) 1. of the statutes is amended to read:

71.47 (5b) (b) 1. For taxable years beginning after December 31, 2004, subject to the limitations provided under this subsection and s. 560.205, and except as provided in subd. 2., a claimant may claim as a credit against the tax imposed under s. 71.43, up to the amount of those taxes, 25 percent of the claimant's investment paid to a fund manager that the fund manager invests in a business certified under s. 560.205 (1), except that, for taxable years beginning after December 31, 2009, and before January 1, 2014, a claimant may claim 40 percent of the claimant's investment paid to a fund manager that the fund manager invests in a business certified under s. 560.205 (1), if the fund manager has invested no more than \$500,000 in the business and the business has received no more than \$2,000,000 in investments that have qualified for credits under this subsection or s. 71.07 (5b) or 71.28 (5b).

**SECTION 32h.** 71.47 (5b) (b) 2. of the statutes is amended to read:

71.47 (5b) (b) 2. In the case of a partnership, limited liability company, or tax-option corporation, the computation of the 25 or 40 percent limitation under subd. 1. shall be determined at the entity level rather than the claimant level and may be allocated among the claimants who make investments in the manner set forth in the entity's organizational documents. The entity shall provide to the department of revenue and to the department of commerce the names and tax identification numbers of the claimants, the amounts of the credits allocated to the claimants, and the computation of the allocations.

**Vetoed In Part**

**Vetoed In Part**

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### 2009 Wisconsin Act 295 (Assembly Bill 757): A food processing plant and food warehouse investment tax credit

On April 13, 2010, the assembly adopted Assembly Amendment 1 to Assembly Bill 757 on a voice vote, A.J. 04/13/10, p. 816, and passed Assembly Bill 757, as amended, by a vote of 92 to 5, A.J. 04/13/10, p. 816.

On April 20, 2010, the senate adopted Senate Amendment 1 to Assembly Bill 757 on a voice vote, S.J. 04/20/10, p. 749, and concurred in Assembly Bill 757, as amended, by a vote of 31 to 2, S.J. 04/20/2010, p. 749.

On April 22, 2010, the assembly concurred in Senate Amendment 1 to Assembly Bill 757 on a voice vote, A.J. 04/22/10, p. 953.

On May 12, 2010, the Governor approved in part and vetoed in part Assembly Bill 757, and the part approved became 2009 Wisconsin Act 295, A.J. 05/13/10, p. 979. The date of enactment is May 12, 2010, and the date of publication is May 26, 2010, and, as provided by section 991.11, Wisconsin Statutes, the effective date of all provisions of the act is May 27, 2010, except those provisions for which the act expressly provides a different date.

TEXT OF GOVERNOR'S VETO MESSAGE

May 12, 2010

To the Honorable Members of the Assembly:

I have approved Assembly Bill 757 as 2009 Wisconsin Act 295 and have deposited it in the Office of the Secretary of State. I have exercised the partial veto in Section 15, as it relates to s. 560.2065 (2m).

Agriculture has a long, rich history in Wisconsin, generating nearly \$60 billion a year in economic activity. The state's food processing industry is a diverse sector of dairy, meat, fruit and vegetables, and growing this sector has been one of my top economic development priorities. This tax credit recognizes the importance of agriculture and food processing in Wisconsin by allowing companies to invest in new technologies, expand operations, save energy and create jobs in food processing plant and food warehouse modernization and expansion. This strategy has worked for similar investment tax credits for dairy and livestock farms, dairy manufacturing, and meat processing and now it is time to extend it to this important sector of the economy and position Wisconsin to emerge from this recession as an industry leader.

Unfortunately, a provision was added to the bill that prohibits a taxpayer who has unintentionally hired an unauthorized worker from claiming the credit. Seeking to address national immigration policy issues by limiting the access of Wisconsin's food processing industry to job creating tax credits is unfair and could weaken Wisconsin's agriculture economy. I have exercised the partial veto to remove this provision.

Assembly Bill 757 provides an income and franchise tax credit for 10 percent of the amount that a person pays in the taxable year for food processing plant and food warehouse modernization or expansion related to the person's food processing operation, up to \$200,000, for tax years beginning after December 31, 2009, and before January 1, 2017. The total amount of tax credit available under the bill as amended is \$1,000,000 in fiscal year 2009-10, \$1,200,000 in fiscal year 2010-11, and \$700,000 in fiscal year 2011-12 and each year thereafter. The bill as amended specifies that no taxpayer may be certified to claim tax credits under the bill if, in the year a credit could be claimed or in the five years preceding that year, the taxpayer has been found to have violated 8 U.S.C. 1324a (a), relating to the unlawful employment of unauthorized aliens. The bill as amended also exempts the bill from the statutory fund balance requirement.

I am partially vetoing section 15, as it relates to s. 560.2056 (2m), because I object to the limitations it places on Wisconsin companies that expand their food processing operations.

I believe the partial veto I made to Assembly Bill 757 maintains the intent of the bill without unfairly targeting food processors and distributors.

Respectfully submitted,  
JIM DOYLE  
Governor

Item-1. Section 15

Governor's written objections

Section 15

I am partially vetoing section 15, as it relates to s. 560.2056 (2m), because I object to the limitations it places on Wisconsin companies that expand their food processing operations.

Cited segments of 2009 Assembly Bill 757:

SECTION 15. 560.2056 of the statutes is created to read:

560.2056 Food processing plant and food warehouse investment credit.

(2m) No taxpayer may be certified under sub. (1) if the taxpayer has hired an alien, as defined in 8 USC 1101 (a) (3), and has been found to have violated of 8 USC 1324a (a) in the year in which the taxpayer makes an

investment for which the taxpayer could claim a credit under s. 71.07 (3rm), 71.28 (3rm), or 71.47 (3rm), or in any of the 5 years immediately preceding the year in which the taxpayer makes such an investment. A taxpayer certified under sub. (1) may not claim a credit under s. 71.07 (3rm), 71.28 (3rm), or 71.47 (3rm) for any year in which the taxpayer hires an alien and has been found to have violated 8 USC 1324a (a). For purposes of

Vetoed  
In Part

Vetoed  
In Part

**Vetoed  
In Part** administering this subsection, the department of commerce shall promulgate rules for determining

whether a taxpayer has been found to have violated 8 USC 1324a (a).

**Vetoed  
In Part**

**2009 Wisconsin Act 405 (Senate Bill 530): Regulating payday loans and motor vehicle title loans and limiting the areas in which a payday lender may operate**

On April 13, 2010, the senate adopted Senate Substitute Amendment 1 to Senate Bill 530 on a voice vote, S.J. 04/13/10, p. 702, and passed Senate Bill 530, as amended, by a vote of 21 to 12, S.J. 04/13/10, p. 702.

On April 20, 2010, the assembly adopted Assembly Amendment 2 to Senate Bill 530 by a vote of 62 to 36, A.J. 04/20/10, p. 918, and concurred in Senate Bill 530, as amended, by a vote of 60 to 38, A.J. 04/20/10, p. 918.

On April 22, 2010, the senate adopted Senate Amendment 1 to Assembly Amendment 2 to Senate Bill 530 on a voice vote, S.J. 04/22/10, p. 775, and concurred in Assembly Amendment 2 to Senate Bill 530, as amended, by a vote of 72 to 25, S.J. 04/22/10, p. 775.

On April 22, 2010, the assembly concurred in Senate Amendment 1 to Assembly Amendment 2 to Senate Bill 530 by a vote of 72 to 25, A.J. 04/22/10, p. 953.

On May 18, 2010, the Governor approved in part and vetoed in part Senate Bill 530, and the part approved became 2009 Wisconsin Act 405, S.J. 05/18/10, p. 801. The date of enactment is May 18, 2010, and the date of publication is June 1, 2010, and, as provided by section 991.11, Wisconsin Statutes, the effective date of all provisions of the act is June 2, 2010, except those provisions for which the act expressly provides a different date.

**TEXT OF GOVERNOR'S VETO MESSAGE**

May 18, 2010

To the Honorable Members of the Senate:

I have approved **Senate Bill 530** as 2009 Wisconsin Act 405 and have deposited it in the Office of the Secretary of State. I have exercised the partial veto in a number of areas.

Wisconsin is one of the few states in the nation that had not enacted meaningful payday lending reform. While it has taken several legislative sessions to pass a bill to address this issue, I am pleased to sign Senate Bill 530 into law to protect Wisconsin consumers from the debt cycle of repetitive rollover loans, excessive interest charges and predatory lending practices of the payday lending industry.

Senate Bill 530 caps the maximum loan amount at \$1,500 or 35 percent of a customer's gross monthly income; allows only one loan rollover per customer; establishes a rate cap of 2.75 percent per month on the outstanding balance after the maturity date of the loan; establishes a real-time database to prevent multiple loans at one time; allows customers to repay an outstanding balance in four equal payments coinciding with the customer's pay schedule; allows the customer to rescind a loan until close of business the next day; prohibits wage garnishments; promotes financial literacy; requires lenders to disclose certain information like the annual percentage rate of interest charged; creates a new license specifically for payday lenders and gives the Department of Financial

Institutions (DFI) regulatory powers; requires an annual report from DFI to the Legislature regarding payday loan transactions; and prohibits lenders from locating within 1,500 feet of another lender and within 150 feet of certain residential areas.

Senate Bill 530 prohibits auto title lending by a licensed lender unless the loan is no more than 50 percent of the value of the vehicle being used as collateral, as determined by DFI; and the vehicle does not have another security interest. Generally, an auto title loan is defined as a loan of \$25,000 or less with a term of not more than 6 months where the vehicle is used as collateral on the loan. Further, the bill establishes a rate cap of 2.75 percent per month on the outstanding balance after the maturity date of the loan; allows the customer to rescind a loan until close of business the next day; prohibits the licensed lender from requiring the customer to provide a key to the vehicle at the time of the loan; and makes requirements related to repossession of a vehicle used as collateral on an auto title loan.

The provisions of Senate Bill 530 take effect on the first day of the 7th month after publication.

I applaud the Legislature's efforts to protect consumers from unfair lending practices. I also believe the state should go further to protect consumers. Therefore, I have partially vetoed the bill to strengthen consumer protection while retaining short-term borrowing for individuals who need that option.

I am partially vetoing sections 8 and 14, as these sections relate to the exemption of an affiliate of a financial institution from regulation under the payday lending provisions. Any affiliates of financial institutions that engage in payday lending should be licensed and required to follow the provisions of this bill.

I am also partially vetoing section 14, as it relates to the definition of a payday loan, to remove the loan term cap of 90 days or less. The bill may inadvertently create a loophole where, as an example, a lender could offer a payday loan of 91 days and escape the regulations set forth in this legislation. By removing the 90 day loan term cap, my intent is to ensure that all payday lenders are fully covered by this law and I am directing the Secretary of DFI to establish administrative rules that accomplish this objective.

I am further partially vetoing section 14, as it relates to interest that may be charged after the maturity date of a payday loan. I object to allowing a licensed payday lender to charge interest after maturity on loans. Since the bill includes no cap on the interest rate that may be charged on a payday loan, allowing an interest charge on loans after their maturity date is excessive. By partially vetoing this provision, lenders may not charge interest on loans after the maturity date which will protect customers from excessive interest rate charges and help to break the debt cycle.

The bill creates a repayment option if a customer fails to repay a payday loan in full after the term of the loan. Under this option, a lender must give the customer the option to pay the loan balance in four equal installments corresponding with the customer's pay schedule. The bill specifies that a lender is not required to give this option more than one time in a 12-month period. I object to this limitation because consumers should have this right with every payday loan and am therefore partially vetoing section 14, as it relates to repayment after the term of a loan, to require that a lender provide this repayment option with every loan.

Under the bill, a database must be created to track payday loans in order to ensure that customers have only one payday loan outstanding at any one time. The bill would require that the database mark every loan as closed if the lender had not contacted the database administrator within five days following the maturity date. I object to this automatic notation in the database of a closed loan and am therefore partially vetoing section 14, as it relates to the database requirement, to remove the automatic designation of loans as paid five days after the maturity date of the loan. To accomplish the intent of the bill to allow customers to have only one payday loan at a time, I believe all loans in the statewide database should be considered as open transactions until the payday lender notifies the database provider that the loan is closed.

The bill limits to \$1 the per transaction fee that DFI may charge for establishing and administering the database and requires that the fee be set by administrative rule or order. I am partially vetoing section 14, as it relates to the database transaction fee, to remove the \$1 limit and the requirement to set the fee through administrative rule or order so that DFI has flexibility in managing the database and promoting financial literacy.

I am partially vetoing section 14, as it relates to procedures for issuing payday loans if the database is nonfunctional. The bill provides for a secondary option if the database is nonfunctional and further gives an option if both the database and secondary source are nonfunctional. To help ensure the accuracy of the database and that payday lenders are following the requirements of this bill, I am partially vetoing the provision to remove the option to issue a payday loan if both the database and the secondary system are simultaneously nonfunctional. Removing this option will ensure that there is no confusion regarding a customer's eligibility for a payday loan.

Sections 14m and 23 relate to regulation of auto title lending by licensed lenders in Wisconsin. An auto title loan is generally defined as a loan of \$25,000 or less with a term of not more than 6 months where the vehicle is used as collateral on the loan. The bill prohibits auto title lending by a licensed lender unless the loan is no more than 50 percent of the value of the vehicle being used as collateral, as determined by DFI; and the vehicle does not have another security interest. I object to these exceptions from the bill's prohibitions on auto title lending. Therefore, I am partially vetoing sections 14m and 23, as they relate to auto title lending, to remove exceptions to the prohibitions, to remove the 6 month maximum loan term from the definition of an auto title loan, and to delete subsequently unnecessary references to regulation of these loans since the bill, as vetoed, would prohibit the issuance of auto title loans. The effect of these partial vetoes is to prohibit auto title lending by licensed lenders.

I believe that auto title loans are an example of some of the worst predatory lending practices. Auto title loans can result in individuals losing their vehicles due to failure to make timely payments on relatively small loan amounts, putting at high risk an asset that is essential to the well-being of working families. The intent of this partial veto is to ensure that all auto title loans are covered by this prohibition and I am directing the Secretary of DFI to establish administrative rules that accomplish this objective.

Payday lending is strictly regulated in most states so that citizens are protected from predatory lending practices. I am very grateful to the Legislature for their commitment in adding Wisconsin to the list of states that protects its citizens from these practices. The partial vetoes I have made to Senate Bill 530 are consistent with and build upon the Legislature's considerable efforts to provide

short-term financing options for individuals while strengthening protections for consumers utilizing those options.

Respectfully submitted,  
JIM DOYLE  
Governor

**Item-1. Sections 8 and 14**

**Governor's written objections**

*Sections 8 and 14*

I am partially vetoing sections 8 and 14, as these sections relate to the exemption of an affiliate of a financial institution from regulation under the payday lending provisions. Any affiliates of financial institutions that engage in payday lending should be licensed and required to follow the provisions of this bill.

**Cited segments of 2009 Senate Bill 530:**

**SECTION 8.** 138.09 (1a) of the statutes is created to read:

138.09 (1a)

(a) Banks, savings banks, savings and loan associations, trust companies, credit unions, or any of their affiliates .

**Vetoed  
In Part**

**SECTION 14.** 138.14 of the statutes is created to read:  
**138.14 Payday loans.**

(3) EXEMPTIONS. This section does not apply to banks, savings banks, savings and loan associations, trust companies, credit unions, or any of their affiliates .

**Vetoed  
In Part**

**Item-2. Section 14**

**Governor's written objections**

*Section 14*

I am also partially vetoing section 14, as it relates to the definition of a payday loan, to remove the loan term cap of 90 days or less. The bill may inadvertently create a loophole where, as an example, a lender could offer a payday loan of 91 days and escape the regulations set forth in this legislation. By removing the 90 day loan term cap, my intent is to ensure that all payday lenders are fully covered by this law and I am directing the Secretary of DFI to establish administrative rules that accomplish this objective.

**Cited segments of 2009 Senate Bill 530:**

**SECTION 14.** 138.14 of the statutes is created to read:  
**138.14 Payday loans. (1) DEFINITIONS.**

(k) "Payday loan" means any of the following:

1. A transaction between an individual with an account at a financial establishment and another person, including a person who is not physically located in this state, in which the person agrees to accept from the individual one or more checks, to hold the check or checks for a period of time before negotiating or presenting the check or checks for payment, and to loan to the individual, for a term of 90 days or less, before negotiating or presenting the check or checks for

**Vetoed  
In Part**

payment, an amount that is agreed to by the individual.

2. A transaction between an individual with an account at a financial establishment and another person, including a person who is not physically located in this state, in which the person agrees to accept the individual's authorization to initiate one or more electronic fund transfers from the account, to wait a period of time before initiating the electronic fund transfer or transfers, and to loan to the individual, for a term of 90 days or less, before initiating the electronic fund transfer or transfers, an amount that is agreed to by the individual.

**Vetoed  
In Part**

**Item-3. Section 14**

**Governor's written objections**

*Section 14*

I am further partially vetoing section 14, as it relates to interest that may be charged after the maturity date of a payday loan. I object to allowing a licensed payday lender to charge interest after maturity on loans. Since the bill includes no cap on the interest rate that may be charged on a payday loan, allowing an interest charge on loans after their maturity date is excessive. By partially vetoing this provision, lenders may not charge interest on loans after the maturity date which will protect customers from excessive interest rate charges and help to break the debt cycle.

**Cited segments of 2009 Senate Bill 530:**

**SECTION 14.** 138.14 of the statutes is created to read:  
**138.14 Payday loans.**

**(10) INTEREST, PENALTIES, AND FEES.** (a) *Interest.*

2. If a payday loan is not paid in full on or before the maturity date, a licensee may charge, after the maturity date, interest at a rate not exceeding 2.75 percent per month, except that if a licensee makes a subsequent payday loan to the customer under sub. (12) (a), and the customer does not pay the subsequent loan in full on or before the maturity date of the subsequent loan, the

licensee may charge, after the maturity date of the subsequent loan, interest at a rate not exceeding 2.75 percent per month on the subsequent loan and the licensee may not charge any interest under this subdivision on the prior loan. Interest earned under this subdivision shall be calculated at the rate of one-thirtieth of the monthly rate charged for each calendar day that the balance of the loan is outstanding. Interest may not be assessed on any interest earned under this subdivision.

**Vetoed  
In Part**

**Vetoed  
In Part**

**Vetoed  
In Part**

**Item-4. Section 14**

**Governor's written objections**

*Section 14*

The bill creates a repayment option if a customer fails to repay a payday loan in full after the term of the loan. Under this option, a lender must give the customer the option to pay the loan balance in four equal installments corresponding with the customer's pay schedule. The bill specifies that a lender is not required to give this option more than one time in a 12-month period. I object to this limitation because consumers should have this right with every payday loan and am therefore partially vetoing section 14, as it relates to repayment after the term of a loan, to require that a lender provide this repayment option with every loan.

**Cited segments of 2009 Senate Bill 530:**

**SECTION 14.** 138.14 of the statutes is created to read:  
**138.14 Payday loans.**

**(7) RECORDS; REPORTS.**

(e)

6. The number of payday loans made during the preceding year that resulted in repayment under sub. (11g) (a).

**(9g) DISCLOSURE REQUIREMENTS.** (a)

6. Disclose to the applicant the payment requirements that may apply under sub. (11g) (a) if the loan is not paid in full at the end of the loan term.

**(9r) INFORMATIONAL MATERIALS.**

(c)

4. The percentage of customers originating payday loans that resulted in repayment under sub. (11g) (a).

**(10) INTEREST, PENALTIES, AND FEES.**

(am) *Penalties.* Except as provided in par. (b) 2., no licensee may impose any penalty on a customer arising from the customer's prepayment of or default or late payment on a payday loan, including any payment under sub. (11g) (a).

**Vetoed  
In Part**

**(11g) REPAYMENT AFTER TERM OF LOAN.** (a) Except as provided in par. (b), if a customer fails to repay a payday loan in full at the end of the loan term, the licensee that made the loan shall offer the customer the opportunity to repay the outstanding balance of the loan in 4 equal installments with due dates coinciding with the customer's pay period schedule.

(b) If a licensee offers a customer the opportunity to make repayment under par. (a), then, during the 12-month period following the offer, no licensee, including the licensee making the offer, is required to offer the customer another opportunity to repay a payday loan under par. (a).

**Vetoed  
In Part**

**Item-5. Section 14**

**Governor's written objections**

*Section 14*

Under the bill, a database must be created to track payday loans in order to ensure that customers have only one payday loan outstanding at any one time. The bill would require that the database mark every loan as closed if the lender had not contacted the database administrator within five days following the maturity date. I object to this automatic notation in the database of a closed loan and am therefore partially vetoing section 14, as it relates to the database requirement, to remove the automatic designation of loans as paid five days after the maturity date of the loan. To accomplish the intent of the bill to allow customers to have only one payday loan at a time, I believe all loans in the statewide database should be considered as open transactions until the payday lender notifies the database provider that the loan is closed.

**Cited segments of 2009 Senate Bill 530:**

**SECTION 14.** 138.14 of the statutes is created to read:  
**138.14 Payday loans.**

(14) DATABASE.  
(d)

**Vetoed  
In Part**

4. Automatically designate a payday loan as paid in the database 5 days after the maturity date of the loan unless a licensee reports to the database provider before that time that the loan remains open because of the customer's failure to make payment; that the loan is open because the customer's check or an electronic redeposit

is in the process of clearing the banking system; that the loan remains open because the customer's check is being returned to the licensee for insufficient funds, a closed account, or a stop payment order; or that any other factors determined by the division are applicable. If a licensee makes such a report, the database provider shall designate the payday loan as an open transaction until the database provider is notified that the transaction is closed.

**Vetoed  
In Part**

**Item-6. Section 14**

**Governor's written objections**

*Section 14*

The bill limits to \$1 the per transaction fee that DFI may charge for establishing and administering the database and requires that the fee be set by administrative rule or order. I am partially vetoing section 14, as it relates to the database transaction fee, to remove the \$1 limit and the requirement to set the fee through administrative rule or order so that DFI has flexibility in managing the database and promoting financial literacy.

**Cited segments of 2009 Senate Bill 530:**

**SECTION 14.** 138.14 of the statutes is created to read:  
**138.14 Payday loans.**

(14) DATABASE.

(h) The division shall, by order or rule, specify a database transaction fee of no more than \$1 that the database provider shall charge to licensees to cover the

**Vetoed  
In Part**

costs of developing and implementing the database, and accessing the database to verify that a customer does not have any payday loans with the licensee or others that in combination with a new transaction will create a violation of this section. The database fee is payable

directly to the division in a manner prescribed by the division and, if the department has contracted with a 3rd-party provider to operate the database, the division shall remit the fee to the 3rd-party provider as specified in the contract.

**Item-7. Section 14**

**Governor's written objections**

*Section 14*

I am partially vetoing section 14, as it relates to procedures for issuing payday loans if the database is nonfunctional. The bill provides for a secondary option if the database is nonfunctional and further gives an option if both the database and secondary source are nonfunctional. To help ensure the accuracy of the database and that payday lenders are following the requirements of this bill, I am partially vetoing the provision to remove the option to issue a payday loan if both the database and the secondary system are simultaneously nonfunctional. Removing this option will ensure that there is no confusion regarding a customer's eligibility for a payday loan.

**Cited segments of 2009 Senate Bill 530:**

**SECTION 14.** 138.14 of the statutes is created to read:  
**138.14 Payday loans.**

**(14) DATABASE.**

(j) If the database, as determined by the division, is not fully operational, or the licensee is unable to access the database and, as determined under rules promulgated by the division, the alternate process established under par. (d) 2. is also unavailable, a licensee may rely upon the

written verification of the customer in a statement provided in substantially the following form in at least 12-point type:

"I DO NOT HAVE ANY OUTSTANDING PAYDAY LOANS WITH THIS LICENSEE AND I DO NOT HAVE MORE PAYDAY LOANS WITH ANY OTHER LICENSED PAYDAY LOAN PROVIDER IN THIS STATE."

**Vetoed  
In Part**

**Vetoed  
In Part**

**Item-8. Sections 14m and 23**

**Governor's written objections**

*Sections 14m and 23*

Sections 14m and 23 relate to regulation of auto title lending by licensed lenders in Wisconsin. An auto title loan is generally defined as a loan of \$25,000 or less with a term of not more than 6 months where the vehicle is used as collateral on the loan. The bill prohibits auto title lending by a licensed lender unless the loan is no more than 50 percent of the value of the vehicle being used as collateral, as determined by DFI; and the vehicle does not have another security interest. I object to these exceptions from the bill's prohibitions on auto title lending. Therefore, I am partially vetoing sections 14m and 23, as they relate to auto title lending, to remove exceptions to the prohibitions, to remove the 6 month maximum loan term from the definition of an auto title loan, and to delete subsequently unnecessary references to regulation of these loans since the bill, as vetoed, would prohibit the issuance of auto title loans. The effect of these partial vetoes is to prohibit auto title lending by licensed lenders.

**Cited segments of 2009 Senate Bill 530:**

**SECTION 14m.** 138.16 of the statutes is created to read:

**138.16 Title loans. (1) DEFINITIONS.**

(a) "Division" means the division of banking attached to the department of financial institutions.

**Vetoed  
In Part**

(c) "Title loan" means a loan of \$25,000 or less to a borrower, who obtains or seeks to obtain the loan for personal, family, or household purposes, that is, or is to be, secured by an interest, other than a purchase money security interest, in the borrower's motor vehicle, and that has an original term of not more than 6 months .

Vetoed  
In Part

(2) LOAN PRINCIPAL AND INTEREST. (a) No licensed lender may make a title loan to a borrower that results in the borrower having liability for the loan, in principal, of more than 50 percent of the value of the motor vehicle used as security for the loan . The division shall promulgate rules for determining the value of a motor vehicle for purposes of this paragraph, including rules specifying pricing guides that may be used for determining value.

Vetoed  
In Part

Vetoed  
In Part

(b) 1. This section imposes no limit on the interest that a licensed lender may charge before the maturity date of a title loan.

Vetoed  
In Part

2. If a title loan is not paid in full on or before the maturity date, a licensed lender may charge, after the maturity date, interest at a rate not exceeding 2.75 percent per month. Interest earned under this subdivision shall be calculated at the rate of one-thirtieth of the monthly rate charged for each calendar day that the balance of the loan is outstanding. Interest may not be assessed on any interest earned under this subdivision.

(3) RESCISSION. A borrower may rescind a title loan, before the close of business on the next day of business after the loan is made, or, if the place of business where the loan is made is open 24 hours, before 5 p.m. on the next day of business after the loan is made, by returning to the licensed lender the proceeds of the loan. The licensed lender may not charge the borrower any fee for rescinding the title loan as provided in this subsection.

(4) OTHER REQUIREMENTS. (a) A licensed lender may not make a title loan to a borrower that is secured by an interest in a motor vehicle if the motor vehicle is subject to another security interest under another title loan made by the licensed lender or another licensed lender and the borrower is liable for repayment on the other title loan.

(b) A licensed lender may not require a borrower to provide the licensed lender with a key or copy of a key to a motor vehicle used as security for a title loan as a condition for making the title loan to the borrower.

Vetoed  
In Part

(c) A licensed lender or person acting on behalf of a licensed lender may not take possession of a motor vehicle used as security for a title loan to a borrower without serving notice on the borrower at least 15 days prior to taking possession. The notice shall state the intent to take possession and describe the basis for the right to take possession. This paragraph does not apply to possession that is obtained by a borrower's voluntary surrender of a motor vehicle.

(d) A licensed lender or other person may charge a borrower a reasonable storage fee for a motor vehicle of the borrower of which the licensed lender or person acting on behalf of the licensed lender has obtained possession, including possession that is obtained by voluntary surrender.

(e) A licensed lender shall return to a borrower the amount of any proceeds from the disposition of a motor vehicle used as security for a title loan to the borrower that exceed the borrower's liability to the licensed lender for the loan.

(f) A borrower is not liable to a licensed lender for any deficiency resulting from the licensed lender's disposition of a motor vehicle used as security for a title loan, unless the borrower has done any of the following:

1. Impaired the licensed lender's security interest by intentionally damaging or destroying the motor vehicle.
2. Intentionally concealed the motor vehicle.
3. Pledged to the licensed lender a motor vehicle that is already encumbered by an undisclosed prior lien.
4. Subsequent to obtaining the title loan, pledged or sold to a third party a motor vehicle used as security for a title loan without the licensed lender's written consent.

**SECTION 23. Initial applicability.**

(3m) The treatment of section 138.16 of the statutes first applies to title loans, as defined in section 138.16 (1) (c) of the statutes, as created by this act, made on the effective date of this subsection.

Vetoed  
In Part