



Wisconsin Briefs

from the Legislative
Reference Bureau

Brief 11–6

July 2011

EXECUTIVE PARTIAL VETO OF ASSEMBLY BILL 40

Executive Budget Bill Passed by the 2011 Wisconsin Legislature

(2011 Wisconsin Act 32)

I. INTRODUCTION

This brief contains the veto message of Governor Scott Walker for the partial veto of 2011 Assembly Bill 40 (2011 Wisconsin Act 32), the “Executive Budget Bill” passed by the 2011 Wisconsin Legislature. A subsequent edition of *Wisconsin Briefs* will cover the messages for other gubernatorial vetoes or partial vetoes relating to 2011 legislation.

Veto Brief Format

This brief provides the following information:

1. Background material on the veto process including legislative review of vetoes, use of the partial veto and judicial interpretation of the governor’s veto power.
 2. The legislative action for 2011 Assembly Bill 40, 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.)
 3. The text of the governor’s veto message.
 4. The text of each segment of the governor’s veto message keyed to the corresponding partially vetoed sections of 2011 Wisconsin Act 32. The vetoed material is indicated by gray shading, and each “write-down”—a reduced appropriation amount written in by the governor—is indicated by reverse shading of white numerals on a black background.
 5. The table of contents (page 49).
-

II. THE VETO PROCESS

History

Wisconsin governors have had the constitutional power to veto bills in their entirety since the ratification of the Wisconsin Constitution in 1848. In November 1930, the people of Wisconsin approved a constitutional amendment granting the governor the additional power to veto appropriation bills in part. This new “partial veto” authority was used immediately beginning with the 1931 session (see following table).

PARTIAL VETOES OF EXECUTIVE BUDGET BILLS 1931-2011¹

Session	Bill	Law	Number of Vetoes ²	Senate/Assembly Journal Page ³	Session	Bill	Law	Number of Vetoes ²	Senate/Assembly Journal Page ³
1931	AB-107	Ch. 67	12	A.J. p. 1134	1979	SB-79	Ch. 34	45	S.J. p. 617
1933	SB-64	Ch. 140	12	S.J. p. 1195		AB-1180 ⁶	Ch. 221	58	A.J. p. 3420
1935	AB-17	Ch. 535	0	---	1981	AB-66	Ch. 20	121	A.J. p. 895
1937	AB-74	Ch. 181	0	---	1983	SB-83	Act 27	70	S.J. p. 276
1939	AB-194	Ch. 142	1	A.J. p. 1462	1985	AB-85	Act 29	78	A.J. p. 293
1941	AB-35	Ch. 49	1	A.J. p. 770	1987	SB-100	Act 27	290	S.J. p. 277
1943	AB-61	Ch. 132	0	---		AB-850 ⁸	Act 399	118	A.J. p. 1052
1945	AB-1	Ch. 293	1	A.J. p. 1383	1989	SB-31	Act 31	208	S.J. p. 325
1947	AB-198	Ch. 332	4 ⁴	A.J. p. 1653		SB-542 ⁹	Act 336	73	S.J. p. 957
1949	AB-24	Ch. 360	0	---	1991	AB-91	Act 39	457	A.J. p. 404
1951	AB-174	Ch. 319	0	---		SB-483 ¹⁰	Act 269	161	S.J. p. 896
1953	AB-139	Ch. 251	2	A.J. p. 1419	1993	SB-44	Act 16	78	S.J. p. 362
1955	AB-73	Ch. 204	0	---		AB-1126 ⁸	Act 437	11	A.J. p. 960
1957	AB-77	Ch. 259	2	A.J. p. 2088	1995	AB-150	Act 27	112	A.J. p. 383
1959	AB-106	Ch. 135	0	---		AB-557 ¹¹	Act 113	11	A.J. p. 689
1961	AB-111	Ch. 191	2	A.J. p. 1461		SB-565 ¹²	Act 216	3	S.J. p. 770
1963	SB-615	Ch. 224	0	---	1997	AB-100	Act 27	152	A.J. p. 322
1965	AB-903	Ch. 163	1	A.J. p. 1902		AB-768 ¹³	Act 237	20	A.J. p. 927
1967	AB-99	Ch. 43	0	---	1999	AB-133	Act 9	255	A.J. p. 405
1969	SB-95	Ch. 154	27	A.J. p. 2615	2001	SB-55	Act 16	315	S.J. p. 282
1971	SB-805	Ch. 125	12 ⁵	S.J. p. 2162		AB-1 ¹⁴	Act 109	72	A.J. p. 894
	AB-1610 ⁶	Ch. 215	8	A.J. p. 4529	2003	SB-1 ¹⁵	Act 1	0	S.J. p. 111
1973	AB-300	Ch. 90	38	A.J. p. 2409		SB-44	Act 33	131	S.J. p. 277
	AB-17	Ch. 333	19	A.J. p. 310	2005	AB-100	Act 25	139	A.J. p. 373
1975	AB-222	Ch. 39	42	A.J. p. 1521	2007	SB-40	Act 20	33	S.J. p. 373
	SB-755 ⁶	Ch. 224	31	S.J. p. 2257		AB-1 ¹⁶	Act 226	8	A.J. p. 792
1977	SB-77	Ch. 29	67	S.J. p. 853	2009	AB-75	Act 28	81	A.J. p. 297
	AB-1220 ⁶	Ch. 418	44	A.J. p. 4345	2011	AB-40	Act 32	50	A.J. p. 413

¹A constitutional amendment giving the governor authority to veto appropriation bills in part was ratified by the electorate in November 1930.

²As listed in the respective governor's veto message.

³Beginning journal page reference. A.J.—Assembly Journal; S.J.—Senate Journal.

⁴All 4 partial vetoes involved the Conservation Fund.

⁵Numerous "technical changes" made by the governor are counted as one partial veto.

⁶Budget Review Bills.

⁷Budget Review Bill considered in April 1974 Special Session.

⁸1988 Annual Budget Bill.

⁹1990 Agency Adjustment Bill.

¹⁰1992 Budget Adjustment Bill.

¹¹1995-97 Transportation Budget Bill.

¹²1996 Budget Adjustment Bill.

¹³1998 Budget Adjustment Bill.

¹⁴2002 Budget Adjustment Bill, January 2002 Special Session.

¹⁵2003 Budget Adjustment Bill, January 2003 Special Session.

¹⁶2007 Budget Adjustment Bill, March 2008 Special Session.

Source: Senate and Assembly Journals.

Article V, section 10, of the Wisconsin Constitution grants the veto power to the governor. As printed in the 2009-10 edition of the *Wisconsin Statutes*, the section reads:

WISCONSIN CONSTITUTION [Article V] **Governor to approve or veto bills; proceedings on veto. Section 10.** (1) (a) Every bill which shall have passed the legislature shall, before it becomes a law, be presented to the governor.

(b) If the governor approves and signs the bill, the bill shall become law. Appropriation bills may be approved in whole or in part by the governor, and the part approved shall become law.

(c) In approving an appropriation bill in part, the governor may not create a new word by rejecting individual letters in the words of the enrolled bill, and may not create a new sentence by combining parts of 2 or more sentences of the enrolled bill.

(2) (a) If the governor rejects the bill, the governor shall return the bill, together with the objections in writing, to the house in which the bill originated. The house of origin shall enter the objections at large upon the journal and proceed to reconsider the bill. If, after such reconsideration, two-thirds of the members present agree to pass the bill notwithstanding the objections of the governor, it shall be sent, together with the objections, to the other house, by which it shall likewise be reconsidered, and if approved by two-thirds of the members present it shall become law.

(b) The rejected part of an appropriation bill, together with the governor's objections in writing, shall be returned to the house in which the bill originated. The house of origin shall enter the objections at large upon the journal and proceed to reconsider the rejected part of the appropriation bill. If, after such reconsideration, two-thirds of the members present agree to approve the rejected part notwithstanding the objections of the governor, it shall be sent, together with the objections, to the other house, by which it shall likewise be reconsidered, and if approved by two-thirds of the members present the rejected part shall become law.

(c) In all such cases the votes of both houses shall be determined by ayes and noes, and the names of the members voting for or against passage of the bill or the rejected part of the bill notwithstanding the objections of the governor shall be entered on the journal of each house respectively.

(3) Any bill not returned by the governor within 6 days (Sundays excepted) after it shall have been presented to the governor shall be law unless the legislature, by final adjournment, prevents the bill's return, in which case it shall not be law.

Wisconsin Supreme Court Cases

The constitutional provision granting the governor the authority to veto bills in part has come under the scrutiny of the Wisconsin Supreme Court in 8 cases: *State ex rel. Wisconsin Telephone Co. v. Henry*, 218 Wis. 302 (1935); *State ex rel. Finnegan v. Dammann*, 220 Wis. 143 (1936); *State ex rel. Martin v. Zimmerman*, 233 Wis. 442 (1940); *State ex rel. Sundby v. Adamany*, 71 Wis. 2d 118 (1976); *State ex rel. Kleczka v. Conta*, 82 Wis. 2d 679 (1978); *State ex rel. Wisconsin Senate v. Thompson*, 144 Wis. 2d 429 (1988); *Citizens Utility Board v. Klauser*, 194 Wis. 2d 484 (1995); and *Risser v. Klauser*, 207 Wis. 2d 558 (1997). With two exceptions, the opinions have broadened the power of the governor to veto parts of appropriation bills.

In the *Henry* case, the court held that the authority granted to the governor in the Wisconsin Constitution to veto a "part" is broader than the authority of other governors to veto an "item"; that the governor could disapprove nonappropriation parts of an appropriation bill; that the parts approved after the veto must constitute a complete, entire, and workable law; and that the governor's power to disapprove separable pieces of an appropriation bill is as broad as the legislature's power to join the pieces into a single bill.

The *Finnegan* case held that, in order for the governor to exercise the partial veto, the body of the bill itself must contain an appropriation of public money not merely have an indirect bearing upon an appropriation; and that an increase in revenues that has the effect of increasing expenditures under an existing appropriation does not create an appropriation.

The *Martin* case stated that the purpose of the partial veto was to prevent, if possible, the adoption of omnibus appropriation bills "with riders of objectionable legislation attached" which would "force the governor to veto the entire bill and thus stop the wheels of government or approve the obnoxious act." The court held in *Martin* that 1) the governor may effect policy changes through the partial veto and 2) the veto is sustainable if the approved parts, taken as a whole, still provide a complete, workable law.

In the *Sundby* case, the court recognized that the governor may effect an affirmative change as well as negate legislative action through the veto, and it reiterated that the veto may be applied to nonappropriation language.

In the *Kleczka* case, the court rejected any implication in the earlier cases that a legislative proviso or condition on an appropriation was inseverable from the appropriation and thus could be vetoed only if the appropriation itself was vetoed.

In the *Thompson* case, decided prior to the 1990 constitutional amendment (which prohibited the governor from using his partial veto authority to create new words by rejecting individual letters), the court reiterated that the governor's authority to veto appropriation bills in part is very broad, that the governor may exercise the partial veto authority on conditions or provisos attached to appropriations, that a partial veto may be affirmative as well as negative in effect, and that the material remaining after the veto must be a complete and workable law. The court let stand vetoes that created new words and sentences by striking words, letters and punctuation. It held that the governor may reduce dollar amounts

by striking individual digits and that any text remaining after the governor's use of the partial veto must be "germane to the topic or subject matter of the vetoed provisions" contained in the enrolled bill.

In *Citizens Utility Board*, the court held that the governor may exercise the partial veto power by striking a numerical sum in an appropriation and writing in a different smaller number as the appropriated sum.

The *Risser* court held that the governor's write-down may be exercised only on a monetary figure which is an appropriation amount.

Federal Cases

The federal courts have also addressed the Wisconsin veto process. Following *State ex rel. Wisconsin Senate v. Thompson*, 144 Wis. 2d 429 (1988), the governor's veto power was upheld by both the United States District Court for the Western District of Wisconsin (No. 90 C 215) and the United States District Court of Appeals for the Seventh Circuit in *Fred A. Risser and David M. Travis v. Tommy G. Thompson*, 930 F.2d 549 (7th Cir. 1991). The U.S. Court of Appeals concluded that "Wisconsin's partial veto provision as interpreted by the state's highest court is a rational measure for altering the balance of power between the branches. That it is unusual, even quirky, does not make it unconstitutional. It violates no federal constitutional provision because the federal Constitution does not fix the balance of power between branches of state government." In October 1991, the U.S. Supreme Court refused to review the decision of the U.S. Court of Appeals. *Risser v. Thompson*, 502 U.S. 860 (1991).

Constitutional Amendment Ratified in 2008

In 2008, the voters ratified an amendment to article V, section 10, of the Wisconsin Constitution, the first modification to the governor's partial veto authority since 1990. The amendment prohibits the governor from creating a new sentence by combining parts of two or more sentences in an appropriation bill.

Legislative Action and Publication of Law Supplements

Since 1973 each act vetoed in part has originally been published to show the parts approved by the governor as clear text and the parts objected to by the governor as overlaid text and beginning in 1995 as shaded text (*this is shaded text*). If the legislature overrides a partial veto, only the new law text resulting from the veto override is published. The new text is identified as a supplement to the act originally published. An explanation is published with each supplement, and it would read as follows for a 2011 act:

2011 *BILL* was approved by the governor "in part" and has become 2011 WISCONSIN ACT *NUMBER*. The parts objected to by the governor ("partial veto") were reviewed by the senate on *DATE* and by the assembly on *DATE*. This supplement to 2011 WISCONSIN ACT *NUMBER* contains those parts of that act which had been vetoed by the governor but which have become law as the result of their approval, by two-thirds of the members of each house, notwithstanding the objections of the governor.

The supplement identifies the changes in 2011 WISCONSIN ACT *NUMBER* as follows:

(1) LAW IN EXISTENCE ON *DATE*. All text of statute law or session law which was in effect on the day preceding legislative action on the vetoes contained in 2011 *BILL*, and which is shown in this supplement as part of a SECTION of 2011 WISCONSIN ACT *NUMBER*, in which a veto override occurred, is shown as plain text (*this is plain text*).

(2) PREEXISTING LAW DELETED BY VETO OVERRIDE. In some instances the legislature, in passing 2011 *BILL*, had proposed to delete certain words contained in existing law. These deletions could not take effect with the publication of 2011 WISCONSIN ACT *NUMBER*, as the result of a veto by the governor, but they take effect now because the veto was overridden by legislative action. Such text is shown as shaded text.

(3) NEW TEXT CREATED BY VETO OVERRIDE. All text that comes into being for the first time as the result of the veto override is shown in italic type (*this is italic type*).

III. LEGISLATIVE ACTION ON THE PASSAGE OF 2011 ASSEMBLY BILL 40

2011 Wisconsin Act 32 (Assembly Bill 40): Joint Finance Substitute Amendment

On June 14, 2011, the assembly adopted Assembly Substitute Amendment 1 (as amended by Assembly Amendment 1 [as amended by Assembly Amendment 1]) to Assembly Bill 40 by a vote of 60 to 38, A.J. 06/14/11, p. 394, and passed Assembly Bill 40 as amended by a vote of 60 to 38, A.J. 06/14/11, p. 395.

On June 16, 2011, the senate concurred in Assembly Bill 40 as amended by a vote of 19 to 14, S.J. 06/16/11, p. 356.

On June 26, 2011, the governor approved in part and vetoed in part Assembly Bill 40, and the part approved became 2011 Wisconsin Act 32, A.J. 06/27/11, p. 413. The date of enactment is June 26, 2011, and the date of publication is June 30, 2011, and, as provided in section 991.11, Wisconsin Statutes, the effective date of all provisions of the act is July 1, 2011, except those provisions for which the act expressly provides a different date.

IV. TEXT OF THE GOVERNOR'S VETO MESSAGE

TEXT OF GOVERNOR'S VETO MESSAGE

June 26, 2011

To the Honorable Members of the Assembly:

I have approved **Assembly Bill 40** as 2011 Wisconsin Act 32 and deposited it in the Office of the Secretary of State.

This budget reflects a return to the bedrock principles of our state's constitution – frugality and moderation. It's a budget that is, for the first time in many years, balanced – now and in the future – with a structural surplus of over \$300 million in the 2013-15 biennium. It avoids relying on accounting gimmicks, fund raids and one-time funds. With this budget, we have begun to put our state's financial house in order and make our finances more transparent. And this budget is enacted before the start of the new biennium – with the earliest signing date since 1967.

Last March, I introduced a budget based on those fundamental values in our constitution. My budget brought spending in line with revenues – now and in the future – it did not raise taxes; it provided local governments with the tools to reduce costs and maintain essential services; and it set priorities on job creation and economic development. The budget I sign today, with limited vetoes, remains consistent with those goals and values. I want to commend the Legislature for its work in completing the budget on time. Together we have put Wisconsin back on a course toward job creation and prosperity. True economic growth requires a robust private sector. By balancing the budget through limits on government spending and focusing on priorities, we are on our way to creating 250,000 jobs by 2015.

Over 50 percent of Wisconsin's general fund budget is devoted to local government services – primarily to public schools and public safety. Preserving those services and reducing spending demanded that local officials be given the tools to truly manage costs. With employee compensation the largest part of those costs, changes to state and local government employee collective bargaining and increased employee contributions to pensions and health insurance costs were critical to preserving government services and Wisconsin's quality of life.

These changes will help set Wisconsin on a course toward stable, affordable and effective government. State and local government will become more nimble in the face of change and be able to achieve continuous improvement. With these

tools, state and local officials can help lay the foundation for success – for our school children, our higher education graduates, our entrepreneurs and our businesses.

This budget protects Wisconsin tax payers – including middle class families, seniors in their homes and small businesses. It does not raise taxes. It freezes municipal, county and technical college district levies. It reduces school district revenue limits in line with necessary state aid reductions and consistent with savings from cost-containment measures. It limits growth in property taxes on the median value home to less than 1 percent each year. It eliminates regional transit authorities and their potential to independently raise local taxes.

This budget promotes job creation. It provides tax incentives for investing capital gains in Wisconsin businesses and growing manufacturing jobs. It devotes \$160 million to the new Wisconsin Economic Development Corporation in support of our state’s economic prosperity. It promotes Wisconsin tourism by investing approximately \$14 million annually in our state’s marketing efforts, a nearly 40 percent increase. It supports business expansion by investing over \$5.7 billion in our state’s transportation system. It streamlines business licensing and regulation through a new Department of Safety and Professional Services.

Education is critical to job creation and Wisconsin’s future prosperity. Wisconsin’s public schools and higher education systems are among the best in the country. Flexible and accountable operations are central to ensuring Wisconsin children and young adults receive the best education possible. The budget invests \$15 million in better school performance data systems, sets the stage for improved reading attainment in early grades and puts the state on a course toward implementing high quality student assessment systems.

The University of Wisconsin-Madison and all University of Wisconsin System campuses are given greater financial and management flexibility along with a greater focus on accountability through annual reports measuring time to graduation, accessibility to key courses and other important performance and outcome measures. Low-income families are given greater access to education by lifting the enrollment cap on the Milwaukee private school choice program, expanding choice to Racine and protecting higher education grants from cuts.

Ensuring sustainable health care programs is the cornerstone of this budget. Due to the sunset of one-time federal funding and dramatic expansions in program participation, nearly all of the general fund revenue growth over the next two years is allocated to fund Medicaid. In order to bring health care costs in future budgets in line with available revenue, the Department of Health Services will begin implementing various measures to “bend-the-cost-curve.” These measures include revamping BadgerCare so that it functions more efficiently and effectively, modifying Family Care toward a greater emphasis on self-directed and focused care, consolidating and streamlining back-office eligibility functions, and preserving SeniorCare.

The following is a brief summary of how this budget, including my vetoes, will address some of the key issues facing the citizens of Wisconsin:

Economic Development

- Provides more than \$160 million in funding over the biennium for the newly created Wisconsin Economic Development Corporation to support a concentrated focus on economic development in the state.
- Increases tourism marketing from \$9.9 million in fiscal year 2010-11 to \$13.8 million annually in part by redirecting arts spending to emphasize those activities that both support the arts and grow the economy.
- Ensures Wisconsin’s meat processing industry can participate in national and global markets by authorizing 10.0 FTE positions for meat inspection activities.
- Reduces regulatory burdens on business expansion by streamlining reporting and eligibility requirements under the prevailing wage law.
- Improves the solvency of the unemployment trust fund by implementing a one-week delay in receiving initial benefits, similar to benefit programs in many other states.
- Creates the Department of Safety and Professional Services to consolidate the regulatory and licensing functions of several agencies to improve the cost-effectiveness and efficiency of operations. Licensing fees charged to regulated professions will be frozen at the same level as the previous biennium, which is due, in part, to the increased efficiency expected from the consolidated operations.

General Fund Taxes

- Protects middle class families, seniors and small businesses by avoiding any tax increases despite one of the largest deficits in state history.

- Provides an income and franchise tax credit for manufacturers and agricultural producers, reducing the tax burden on those industries to encourage job creation and investment in Wisconsin in sectors where the state has a competitive advantage.
- Creates a capital gains deferral for realized gains reinvested in Wisconsin-based businesses as well as a 100 percent capital gains exclusion for gains realized on Wisconsin-sourced capital assets held for more than five years to create an incentive for greater investment in Wisconsin businesses.

Shared Revenue and Tax Relief

- Enacts the strongest levy limits in Wisconsin history by limiting levy increases for counties and municipalities to the greater of 0 percent or the change in equalized value due to net new construction, and creating a new levy limit on technical college districts, which limits increases to changes in property values unless approved by the voters in the district.
- Provides local governments with additional flexibility in meeting budget challenges by increasing the ability of local governments to realize employee compensation savings, repealing the emergency services maintenance of effort requirement, allowing local governments to create combined municipal protective services departments to provide both police and fire services, and suspending the county operating limit for two years to prevent counties with low mill rates from being forced to reduce levies due to falling property values.

K-12 Education

- Protected sustainable funding for equalization aid in the face of one of the largest deficits in state history.
- Provides a \$50 per pupil revenue increase in fiscal year 2012-13 and creates a one-time \$42.5 million GPR categorical aid program to match district revenue increases.
- Expands the private school choice program by repealing the enrollment limit, allowing schools throughout the state to serve eligible city of Milwaukee residents, raising the income threshold to 300 percent of poverty and allowing the Racine School District to participate in the program based on newly established program criteria.
- Supports greater accountability and performance by investing \$15 million in the development of a statewide student information system and requiring the Department of Public Instruction to implement a new pupil assessment based on mastery of Common Core Standards by 2014-15.
- Invests in education by ensuring all elementary school students can read at grade level by providing \$1.2 million over the biennium in support of the Governor's Read to Lead Task Force.

Higher Education

- Provides greater financial and management flexibility to the University of Wisconsin-Madison and the University of Wisconsin System campuses, including the ability to establish separate personnel management and compensation systems.
- Requires the University of Wisconsin-Madison and University of Wisconsin System campuses to provide annual accountability reports, including time to receive a degree, availability of key courses, economic development activities and other important measures.
- Maintains current funding levels for financial aid programs and phases out the unsustainable Wisconsin Covenant program.
- Seeks to prevent unfair competition in telecommunications and broadband services between the University of Wisconsin and the private sector by increasing legislative oversight in order to focus university supported programs on education and research activities.

Health Care, Children and Families

- Protects the state's most vulnerable citizens by preserving the health care safety net provided by Medicaid, Badger-Care Plus and SeniorCare while implementing significant program reforms to bring an end to the unsustainable rate of program growth.
- Requires a comprehensive review of the Family Care long-term care program to ensure that public dollars are used in the most effective way to support the needs of the elderly and people with disabilities. Over the past five years, the Family Care program has grown from five pilot counties to 56 counties covering 80 percent of the state's population. During that expansion, there has not been an adequate review of the effectiveness of the program in meeting the care needs of participants and providing services in a cost-effective and accountable manner.

- Redesigns the income maintenance eligibility determination system for public benefits to improve the accuracy and timeliness of eligibility determinations, while reducing total program costs by \$40 million per year once fully implemented.
- Provides funding for building projects to help address the shortage of nurses and support public health education in Wisconsin. New facilities include the Madison School of Nursing, the River Falls Health and Human Performance Building, and the Milwaukee School of Public Health.
- Reforms the Wisconsin Works (W-2) program to emphasize work and the Wisconsin Shares child care program to provide information on the quality of child care services, to contain costs and to combat fraud.

Transportation

- Strengthens the finances for Wisconsin's transportation infrastructure system by transferring \$160.1 million in general fund revenue to the transportation fund, including an ongoing transfer of 0.25 percent of general fund taxes annually, with an annual minimum of \$35.1 million.
- Makes progress toward addressing the state's critical highway infrastructure needs by providing \$3.2 billion for highway construction and maintenance, an increase of \$429.3 million over the biennium.
- Creates a new Southeast Wisconsin freeways megaprojects program to fund construction on the I-94 North-South corridor project and the Zoo Interchange in Milwaukee County. The budget provides a total of \$420.0 million for those two projects, an increase of \$229.9 million above current funding levels.
- Ensures local highway projects are completed efficiently by increasing competition and allowing greater private sector participation through new requirements that local governments award projects to the lowest bidder, not perform construction for private development projects, and limit the use of their workforce to projects occurring in all towns, and cities and villages with populations under 5,000.

Justice

- Invests in programs to assist law enforcement, including additional resources to fight Internet crimes against children, funding for an interoperable communications system and staff resources at the state crime labs to ensure DNA samples are processed in a timely fashion.
- Consolidates juvenile correctional facilities to manage decreasing populations while saving resources and minimizing county placement costs.
- Provides funding for Victim Information and Notification Everyday (VINE) and VINE Protective Order services to protect public safety and provide information to victims and affected parties.
- Provides funding to the State Public Defender for the revised indigency standard which became effective June 19, 2011.

Natural Resources and Environment

- Maintains hunting and fishing license fees and parks admission fees at current levels to ensure that even in times of economic challenges access to Wisconsin's abundant natural resources are kept affordable.
- Requires the Stewardship program to focus only on the best value purchases by reducing bonding authority by \$234 million through fiscal year 2019-20, saving Wisconsin as much as \$80 million in total debt service costs.
- Modifies the formula for aids provided in lieu of property tax payments for lands purchased through the Stewardship program, saving the state \$190,000 in fiscal year 2012-13, but reducing future payments by half or more. Total payments for aids in lieu of property taxes are estimated to be \$13.2 million in fiscal year 2012-13.
- Ensures a balance between environmental protection and local costs by specifying that the Department of Natural Resources may not enforce an administrative rule for nonagricultural performance standards for runoff from urban areas if the provision has a reduction in total suspended solids exceeding 20 percent.
- Reduces bonding authority under the Working Lands program by \$12 million and repeals the conversion fee for rezoning from a farmland preservation district. This will allow landowners to decide for themselves the best use of their property without paying a penalty if the use of the land will change.

General Government and Veterans

- Limits growth in spending from all funds to 1.8 percent over the biennium, despite a \$1.8 billion, 11 percent increase in funding for health care programs and eliminates over 1,000 FTE positions compared to the base year. This

small rate of growth, over 70 percent lower than the previous budget, is achieved through increased state and local government employee contributions to pensions and health insurance, elimination of long-term vacancies, closure of state facilities, and across-the-board cuts to many programs.

- Requires more transparency in state government through on-line reporting of state expenditures, grants and contracts on a searchable Internet Web site available to the public.
- Ensures the solvency of the veterans trust fund over the next biennium by providing \$5 million GPR in additional funding to support benefits to veterans.
- Strengthens the veterans tuition remission program by expanding it to include the University of Wisconsin-Madison Executive Masters in Business Administration program, distance education, on-line and 100 percent fee funded programs, and by increasing the number of credits or semesters eligible for state tuition remissions.
- Provides \$1.8 million GPR and 5.0 FTE GPR positions to the Government Accountability Board and \$10 million SEG and 55.0 FTE SEG positions to the Department of Transportation for the implementation of the voter identification legislation.
- Separates the core functions of promoting job growth from regulating job creators by funding the new public/private Wisconsin Economic Development Corporation focused solely on job creation and a new Department of Safety and Professional Services that can provide a one-stop shop for commercial regulation.
- Improves customer service by consolidating responsibilities for trademark and trade name registrations and notary public commissions with the corporate filing activities at the Department of Financial Institutions.

Building Program

- Helps ensure an adequate number of dentists in Wisconsin by providing \$16 million in general fund supported borrowing and private funds for expansion of the Marquette Dental School.
- Helps improve homeland security and coordination of law enforcement and intelligence data by providing \$6.8 million for a Fusion Center at the Department of Military Affairs.
- Provides funding for educational facilities including the Horicon Marsh International Education Center. The Horicon Marsh is recognized as a Wetland of International Importance. The center provides educational experiences for scientists and visitors who come from around the world.
- Encourages fiscal responsibility by reducing previously authorized bonding for projects that have not moved forward or were constructed under budget.
- Directs the Department of Administration to use the proceeds from the sale of buildings to reduce outstanding debt whenever possible.

I have made 50 vetoes to the budget. These vetoes remove unnecessary reports and requirements, clarify program implementation timelines, and improve the intended focus of certain programs. These vetoes reduce spending by \$10,000 SEG.

There were three items in the budget that I did not veto but that require additional clarification:

- The budget authorizes the Attorney General to allocate penalty surcharge revenues in support of prosecutor positions. I respectfully request that the Attorney General allocate a portion of these revenues in support of an existing drug crimes prosecutor position in St. Croix County. St. Croix County is one of the fastest growing areas of the state and continues to combat methamphetamine abuse.
- The budget expands the current law prohibition on the use of government funds to pay for the performance of abortions to specifically include the University of Wisconsin Hospital and Clinics Authority. I feel strongly that taxpayer dollars should not support the performance of elective abortions. However, concerns have been raised about the potential for this provision to have the significant and unintended consequence of compromising the accreditation of the obstetrics and gynecology residency program operated by the University of Wisconsin Hospital and Clinics. In-state training programs are a critical component of averting a physician shortage, particularly in the urban and rural areas of the state, and it is essential that we retain and grow physician residency opportunities in Wisconsin.

I have thoroughly reviewed this provision and do not believe it would prohibit the hospital from meeting the accreditation standards. I encourage the hospital to take the steps necessary to meet the intent of this provision by ensuring tax dollars are not directly funding the performance of abortions, while maintaining the accreditation of this very important physician training program.

- Several months ago, I provided the Unemployment Insurance Advisory Council with a proposal that would have increased the waiting period to receive benefits to one week and also would have revised Wisconsin law to allow the state to take advantage of extended unemployment benefits provided by the federal government. Unfortunately, the council did not act on either measure at that time. The Legislature acted on the first provision – requiring recipients of unemployment to wait one week before receiving their benefits. I applaud the Legislature for their decisive action on this issue. Recently, the Unemployment Insurance Advisory Council voted unanimously in support of utilizing additional federal unemployment funds, a measure I fully support. I am now calling on lawmakers to act on the council’s recommendation and modify Wisconsin laws to allow the state to take advantage of these additional federal funds.

I commend the leadership of the Legislature in maintaining its focus through some of the most difficult political discussions this state has ever faced. They improved on my budget and accomplished something few ever thought attainable – a structural surplus. Together, we are paying our bills and staying focused on job creation.

The budget I sign today reflects a return to Wisconsin’s values. From Superior to Kenosha and from Green Bay to Platteville, we are independent-minded, moderate, pragmatic and frugal. This budget embraces those values by giving our local officials the tools to truly focus spending on delivering efficient and effective government services. Together we move forward with a stable government that has put its fiscal house in order so that its people can engage in private enterprise and create jobs that fuel our economy.

Respectfully submitted,

SCOTT WALKER

Governor

V. VETOED ITEMS

A. AGRICULTURE, ENVIRONMENT AND JUSTICE

AGRICULTURE, TRADE AND CONSUMER PROTECTION

A-1. Agricultural Chemical Funds Report

Governor’s written objections

Section 9103 (2u)

This provision would require the Department of Agriculture, Trade and Consumer Protection to study and evaluate the condition of the agricultural chemical cleanup fund and the agrichemical management fund and their structural imbalances. The department would also be required to report its findings to the Joint Committee on Finance by December 31, 2011.

I am partially vetoing this provision to remove the date by which the department must report to the Joint Committee on Finance. I object to this provision because requiring this evaluation to be prepared by the specified date places an undue burden on the department to produce a quality report. Vetoing this provision will provide the department with more time and flexibility to prepare its report and make recommendations to the committee.

Cited segments of 2011 Assembly Bill 40:

SECTION 9103. Nonstatutory provisions; Agriculture, Trade and Consumer Protection.

(2u) CONDITION OF SEGREGATED FUNDS. The department of agriculture, trade and consumer protection shall study and evaluate the condition of the agricultural chemical cleanup fund and of the agrichemical

management fund and make recommendations to correct any structural imbalances that cause authorized expenditures to exceed annual revenues of the funds. The department shall submit its findings to the joint committee on finance no later than December 31, 2011.

**Vetoed
In Part**

A-2. Grain Inspection Program Report

Governor’s written objections

Section 9103 (3q)

This provision would require the Department of Agriculture, Trade and Consumer Protection to report to the Joint Committee on Finance by January 1, 2012, on the specific actions or administrative efforts the department has planned to reduce and eliminate the remaining deficit in the grain inspection program.

I am vetoing this provision because I object to requiring additional reporting requirements for a program that has been in deficit since the end of fiscal year 2000-01. The department has been and will continue to explore all options for deficit reduction, but has limited options for addressing the deficit without limiting services. Vetoing this provision will allow

the department to continue working toward a solution to the deficit in the grain inspection program without the added burden of preparing a report.

Cited segments of 2011 Assembly Bill 40:

SECTION 9103. Nonstatutory provisions; Agriculture, Trade and Consumer Protection.

administrative efforts planned to ensure that expenditures for grain inspection under s. 93.06 (1m) do not exceed program revenues and to eliminate any amount by which accumulated expenses have exceeded accumulated program revenues.

**Vetoed
In Part**

**Vetoed
In Part**

(3q) GRAIN INSPECTION PROGRAM REPORT. No later than January 1, 2012, the department of agriculture, trade and consumer protection shall report to the joint committee on finance on specific actions taken or

CORRECTIONS

A-3. Inmate Litigation Loans

Governor's written objections

Section 3014m

This provision specifies that a prisoner may not receive more than \$100 annually in litigation loans. Any amount that the prisoner repays in the year may be re-loaned without counting against the limit. Prisoners must repay prior loans in full or make arrangements for repayment with the warden of the institution before receiving a litigation loan.

I am partially vetoing this provision to eliminate the requirement that the repayment arrangements be made with the warden of the institution because it is too burdensome on the Department of Corrections. This partial veto allows the department flexibility to designate a procedure for making repayment arrangements taking into consideration the duties of the warden and the movement of inmates between institutions.

Cited segments of 2011 Assembly Bill 40:

SECTION 3014m. 301.328 (1m) of the statutes is created to read:

301.328 (1m) No prisoner may receive more than \$100 annually in litigation loans, except that any amount of the debt the prisoner repays during the year may be

advanced to the prisoner again without counting against the \$100 litigation loan limit. No prisoner may receive a litigation loan in any amount until he or she has repaid a prior loan in full or has made arrangements for repayment with the warden of the institution .

**Vetoed
In Part**

A-4. Nursing Services Report

Governor's written objections

Section 9111 (1u)

This provision requires the Department of Corrections secretary to report to the Joint Committee on Finance by October 1, 2011, on nursing staff and costs for each facility and a summary of each contract for nursing services for fiscal years 2009-10 and 2010-11.

I am vetoing this provision because it is unnecessary and burdensome. The department currently provides information it has available to the Legislature and other interested parties on these matters, and the department continues to work to improve data management.

Cited segments of 2011 Assembly Bill 40:

SECTION 9111. Nonstatutory provisions; Corrections.

(1u) REPORT; NURSING SERVICES. The secretary of corrections shall, before October 1, 2011, submit a report to the joint committee on finance that identifies the

number of nursing staff and associated costs for each correctional facility in fiscal years 2009-10 and 2010-11 and that summarizes each contract for nursing services entered into by the department of corrections in or for fiscal years 2009-10 and 2010-11.

Vetoed In Part

Vetoed In Part

DISTRICT ATTORNEYS AND OFFICE OF STATE EMPLOYMENT RELATIONS

A-5. Pay Progression for Certain Attorneys

Governor's written objections

Sections 9113 (3c) and 9155 (3c)

Section 9113 (3c) requires the Association of State Prosecutors and the Director of the Office of State Employment Relations (OSER) to develop a pay progression plan for assistant district attorneys. The plan must include a detailed description of how the system would be structured and administered and also the fiscal cost of the system in future biennia. This plan must be submitted to the Joint Committee on Finance by October 1, 2011, and is subject to 14-day passive review. The pay progression system would be funded from any salary savings realized from hiring new attorneys to replace attorneys who retire during the period of January 1, 2011, through June 30, 2013.

I am partially vetoing this section to remove the requirement that OSER work with the Association of State Prosecutors and to remove the required parameters of the plan, submission to the Joint Committee on Finance and the funding mechanism. I am maintaining the language requiring the Director of OSER to develop a pay progression plan for assistant district attorneys. I object to the requirement that OSER must work with the Association of State Prosecutors on a pay progression plan without involving the District Attorneys. The executive budget required OSER to work with the District Attorneys to develop a distribution plan for the \$1,000,000 annual funding provided for assistant district attorney compensation. In order to return to this intent, I direct OSER to work with the District Attorneys to develop a pay progression plan for future implementation. I continue to support a system that increases retention of experienced prosecutors around the state and this partial veto maintains that support.

Section 9155 (3c) requires the Wisconsin State Attorneys Association and the Director of the Office of State Employment Relations to develop a pay progression plan for attorneys who are included in the legal collective bargaining unit. The plan must include a detailed description of how the system would be structured and administered and also the fiscal cost of the system in future biennia. This plan must be submitted to the Joint Committee on Finance by October 1, 2011, and is subject to a 14-day passive review. The pay progression system would be funded from any salary savings realized from hiring new attorneys to replace attorneys who retire during the 2011-13 biennium.

I am vetoing this section because I object to the requirement that the Office of State Employment Relations must work with the attorneys association without involving the agencies who employ these attorneys. I also object to the selection of this bargaining unit to receive a pay progression system when no information has been presented to indicate there is a recruitment or retention problem among this group.

Cited segments of 2011 Assembly Bill 40:

SECTION 9113. Nonstatutory provisions; District Attorneys.

**Vetoed
In Part**

(3c) ASSISTANT DISTRICT ATTORNEY PAY PROGRESSION PLAN. The Association of State Prosecutors and the director of the office of state employment relations shall develop a pay progression plan for attorneys who are included in the collective bargaining unit under section 111.825 (2) (d) of the statutes, to be funded from any salary savings resulting from hiring new attorneys to fill the positions of attorneys who retired from state employment during the period that begins on January 1, 2011, and ends on June 30, 2013 . The plan shall include a detailed description of how a pay progression system would be structured and administered and the fiscal cost of the pay progression system in the 2011-13 fiscal biennium, by fund source, and the projected costs of the pay progression system in the succeeding 4 fiscal biennia. Before October 1, 2011, the Association of State Prosecutors and the director of the office of state employment relations shall submit the proposed plan to the joint committee on finance. If the cochairpersons of the joint committee on finance do not notify the Association of State Prosecutors and the director of the office of state employment relations within 14 working days after the date of the submittal of the plan that the committee has scheduled a meeting to review the plan, the plan may be implemented as proposed by the Association of State Prosecutors and the director of the office of state employment relations. If, within 14 days after the date of the submittal of the plan, the cochairpersons of the committee notify the Association of State Prosecutors and the director of the office of state employment relations that the committee has scheduled a meeting to review the plan, the plan may only be implemented as approved by the committee.

**Vetoed
In Part**

**Vetoed
In Part**

SECTION 9155. Nonstatutory provisions; Other.

**Vetoed
In Part**

(3c) STATE AGENCY ATTORNEY PAY PROGRESSION PLAN. The Wisconsin State Attorneys Association and the director of the office of state employment relations shall develop a pay progression plan for attorneys who are included in the collective bargaining unit under section 111.825 (1) (f) 3. of the statutes, to be funded from any salary savings resulting from hiring new attorneys to fill the positions of attorneys who will retire from state employment during the 2011-13 fiscal biennium. The plan shall include a detailed description of how a pay progression system would be structured and administered and the fiscal cost of the pay progression system in the 2011-13 fiscal biennium, by fund source, and the projected costs of the pay progression system in the succeeding 4 fiscal biennia. Before October 1, 2011, the Wisconsin State Attorneys Association and the director of the office of state employment relations shall submit the proposed plan to the joint committee on finance. If the cochairpersons of the joint committee on finance do not notify the Wisconsin State Attorneys Association and the director of the office of state employment relations within 14 working days after the date of the submittal of the plan that the committee has scheduled a meeting to review the plan, the plan may be implemented as proposed by the Wisconsin State Attorneys Association and the director of the office of state employment relations. If, within 14 days after the date of the submittal of the plan, the cochairpersons of the committee notify the Wisconsin State Attorneys Association and the director of the office of state employment relations that the committee has scheduled a meeting to review the plan, the plan may only be implemented as approved by the committee.

NATURAL RESOURCES

A-6. Brownfield Site Assessment Grants

Governor's written objections

Sections 2990r and 9155 (3g)

These provisions restrict the amount of a grant to 67 percent of eligible project costs for brownfield site assessment grants and require the Wisconsin Economic Development Corporation to give priority in awarding brownfield site assessment grants to applicants who would have been on the funding list for fiscal year 2010-11 awards in the Department of Natural Resources.

I am partially vetoing Section 2990r as it relates to the required level of matching funds an applicant must contribute to receive a grant and vetoing Section 9155(3g) relating to priority in awarding grants because I object to limiting the flexibility of the Wisconsin Economic Development Corporation in issuing grants for this program.

Vetoing these provisions will also maintain the current match requirement of the recipient of each grant and allow the corporation to issue a grant that covers up to 80 percent of project costs, but maintains the flexibility to issue grants that cover a smaller portion of the project costs. This will continue to allow the opportunity for higher priority projects to be adequately funded.

Cited segments of 2011 Assembly Bill 40:

SECTION 2990r. 292.75 of the statutes is renumbered 238.133, and 238.133 (2), (3) (intro.), (4), (5) (intro.) and (c), (6) and (7), as renumbered, are amended to read:
238.133

(7) MATCHING FUNDS. The department corporation may not distribute a grant unless the applicant contributes matching funds equal to 20% of the grant. Matching funds may be in the form of cash or in-kind contribution or both that exceeds 67 percent of eligible project costs.

SECTION 9155. Nonstatutory provisions; Other.
(3g) BROWNFIELD SITE ASSESSMENT GRANTS. The Wisconsin Economic Development Corporation shall give priority in awarding brownfield site assessment grants under section 238.133 of the statutes, as affected by this act, in fiscal year 2011-12 to applicants that would have been on the funding list of the department of natural resources for awards for fiscal year 2010-11 for brownfield site assessment grants under section 292.75, 2009 stats.

**Vetoed
In Part**

**Vetoed
In Part**

A-7. Economic Impact Analysis

Governor's written objections

Section 9135 (3f)

This provision would require the Department of Natural Resources to prepare an economic impact analysis for the phosphorous effluent limitation and shoreland zoning administrative rules by December 31, 2011.

I am partially vetoing this provision to remove the date by which the department must prepare its analysis. I object to this provision because requiring these analyses to be prepared by the specified date may compromise the quality of the analyses. This partial veto will provide the department greater time and flexibility to prepare an economic impact analysis on each of the rules. While it is important for the department to conduct the analyses, it is more important to provide the time necessary to fully evaluate the impact of these rules.

Cited segments of 2011 Assembly Bill 40:

SECTION 9135. Nonstatutory provisions; Natural Resources.

(3f) ECONOMIC IMPACT ANALYSES FOR CERTAIN RULES.

(d) The department shall submit the economic impact analyses required under this subsection on or before

December 31, 2011, to the governor, to the department of administration, to the cochairpersons of the joint committee for review of administrative rules, and to the chief clerks of the assembly and senate for distribution to

**Vetoed
In Part**

**Vetoed
In Part**

the chairpersons of the appropriate standing committees of the legislature.

OFFICE OF JUSTICE ASSISTANCE

A-8. Report on Drug Offender Diversion Surcharge Fund

Governor's written objections

Section 9101 (4j)

This section requires the Department of Administration to submit a plan to the Joint Committee on Finance reporting how the department will reduce state appropriations by \$1,917,900 over the 2011-13 biennium and lapse the associated funding to the general fund to eliminate the deficit in the drug offender diversion surcharge fund.

I am vetoing this section because this requirement is unnecessary. This deficit will be examined again in developing the 2013-15 biennial budget.

Cited segments of 2011 Assembly Bill 40:

SECTION 9101. Nonstatutory provisions; Administration.

(4j) DRUG OFFENDER DIVERSION SURCHARGE FUND. The department of administration shall submit a plan to the joint committee on finance as to how the department

will reduce state appropriations by \$1,917,900 over the 2011-2013 fiscal biennium and lapse the associated funding to the general fund to eliminate the deficit in the drug offender diversion surcharge fund.

**Vetoed
In Part**

**Vetoed
In Part**

A-9. Repeal of Traffic Stop Data Collection Requirements

Governor's written objections

Sections 373 [as it relates to s. 20.505 (6) (kq) and (kr)], 717 [as it relates to s. 20.505 (1) (id) 5g. and 5r.], 737 and 738

These provisions relate to funding for the traffic stop data collection requirements enacted in 2009 Wisconsin Act 28. Section 373 includes two appropriations, Traffic stop data collection; state and Traffic stop data collection; local in the Chapter 20 schedule. Section 717 funds the two appropriations from justice information fee revenues deposited in the Department of Administration. Sections 737 and 738 detail the appropriations in the Chapter 20 language.

I am vetoing these provisions at the request of the Legislative Reference Bureau because of conflicts with passage of separate legislation, 2011 Wisconsin Act 29. As passed by the Legislature, conflicts would be created regarding these sections between the act and the biennial budget without the veto. The intent remains to repeal the requirements for traffic stop data collection and provide mandate relief to law enforcement agencies. This veto retains that intent but ensures no statutory language conflicts will exist with Act 29 after the biennial budget bill is enacted.

Cited segments of 2011 Assembly Bill 40:

SECTION 373. 20.005 (3) of the statutes is repealed and recreated to read:
 STATUTE, AGENCY AND PURPOSE SOURCE TYPE 2011-12 2012-13

20.505 Department of Administration

(6) OFFICE OF JUSTICE ASSISTANCE

(kq) Traffic stop data collection; state	PR-S	A	-0-	-0-
(kr) Traffic stop data collection; local	PR-S	A	-0-	-0-

Vetoed
In Part

SECTION 717. 20.505 (1) (id) of the statutes is created to read:

20.505 (1) (id) *Justice information fee receipts.*

~~appropriation from the appropriation account under par. (kq) sub. (1) (id) 5g. shall be credited to this appropriation account.~~

Vetoed
In Part

Vetoed
In Part

5g. The amount transferred to sub. (6) (kq) shall be the amount in the schedule under sub. (6) (kq).

SECTION 738. 20.505 (6) (kr) of the statutes is amended to read:

5r. The amount transferred to sub. (6) (kr) shall be the amount in the schedule under sub. (6) (kr).

20.505 (6) (kr) *Traffic stop data collection; local.*

The amounts in the schedule to fund local information technology and administrative costs associated with traffic stop data collection. All moneys transferred to this appropriation from the appropriation account under par. (kq) sub. (1) (id) 5r. shall be credited to this appropriation account.

Vetoed
In Part

SECTION 737. 20.505 (6) (kq) of the statutes is amended to read:

20.505 (6) (kq) *Traffic stop data collection; state.* The amounts in the schedule to fund state information technology and administrative costs associated with traffic stop data collection. All moneys transferred to this

SUPREME COURT

A-10. Judicial Compensation Commission

Governor's written objections

Section 9155 (1j)

This section creates a seven-member Judicial Compensation Commission to review the salaries of the justices of the Supreme Court, Court of Appeals judges and judges of the Circuit Court. No later than December 1, 2012, the commission must submit a report to the Governor and the Joint Committee on Employment Relations that includes recommendations on salaries of the justices and judges. The committee must review the recommendations for the 2013-15 fiscal biennium and approve the recommendations, unless a majority of members agree not to approve or agree to modify the recommendations. The Governor must provide funding sufficient to implement the recommendations for the 2013-15 fiscal biennium. If the salary adjustment approved by the committee is less than the percentage of any across-the-board pay adjustments for any other position in the classified service, the annual salary adjustment for the justices and judges is increased equal to the percentage increase of the highest across-the-board pay adjustment provided for any position in the classified service. Staff and support services will be provided by the Director of State Courts and the commission sunsets after December 1, 2012.

I am vetoing this section because I object to the requirement to provide a certain amount of funding for judicial salaries in the 2013-15 biennium. I also object to required salary increases for justices and judges when state employees are facing salary reductions due to increased contributions for health insurance and pension. Judicial salaries are included in the compensation plan, similar to all other elected officials, and will be adjusted as necessary under that system.

Cited segments of 2011 Assembly Bill 40:

SECTION 9155. Nonstatutory provisions; Other.

**Vetoed
In Part**

(1j) JUDICIAL COMPENSATION COMMISSION.

(a) There is created a judicial compensation commission consisting of 2 members appointed by the governor, one member appointed by the president of the senate, one member appointed by the speaker of the assembly, one member appointed by the dean of the Marquette University Law School, one member appointed by the dean of the University of Wisconsin Law School, and one member appointed by the president of the State Bar of Wisconsin. The judicial compensation commission shall elect one of its members as chairperson. Members of the judicial compensation commission shall be reimbursed for expenses necessarily incurred as members of the judicial compensation commission.

(b) The judicial compensation commission shall review the salaries of the justices of the supreme court, court of appeals judges, and judges of circuit court. Not later than December 1, 2012, the judicial compensation commission shall submit a written report to the governor and the joint committee on employment relations that includes recommendations on salaries of the justices of the supreme court, court of appeals judges, and judges of circuit court.

(c) Notwithstanding section 20.923 (2) (b) of the statutes, for fiscal biennium 2013-15, the joint committee on employment relations shall review the

recommendations submitted by the judicial compensation commission and shall approve the recommendations unless a majority of its members agree not to approve the recommendations. If a majority of members of the judicial compensation commission agree to modify the recommendations submitted by the judicial compensation commission, it shall state the reasons for the modifications in writing.

(d) Notwithstanding section 20.923 (2) (b) of the statutes, for the fiscal biennium 2013-15, the governor shall provide funding sufficient to implement the recommendations submitted by the judicial compensation commission and approved by the joint committee on employment relations under paragraph (c). If the salary adjustment approved by the joint committee on employment relations is less than the percentage increase of any across-the-board pay adjustments for any other position in the classified service, the annual salary adjustment for any supreme court justice or judge of the court of appeals or circuit court is increased to equal the percentage increase of the highest across-the-board pay adjustment provided for any position in the classified service.

(e) The director of state courts shall provide staff and support services to the judicial compensation commission.

(f) This subsection does not apply after December 1, 2012.

**Vetoed
In Part**

B. EDUCATION, CHILDREN AND FAMILIES

CHILDREN AND FAMILIES

B-11. Transitional Jobs Demonstration Project

Governor's written objections

Sections 1385 and 1385c

These sections require that any host site for employing individuals or placing work crews under the Transitional Jobs Demonstration Project be a business that is operated for profit, except that in the case of a natural disaster for which the Governor has declared a state of emergency under s. 323.10, the Department of Children and Families shall give preference to any work crew placement or host site involved in natural disaster recovery.

I am partially vetoing section 1385 and vetoing section 1385c because this requirement is overly prescriptive and may be contrary to the goal of moving individuals back to productive work. Currently, 51 percent of transitional jobs placements are with nonprofit host sites, such as hospitals and community agencies. These placements provide valuable work experience to individuals and give these individuals the skills to move into unsubsidized employment.

However, I am cognizant that the best way to move individuals into unsubsidized, private-sector employment is to give them experience working in the private sector. Therefore, I am directing the department give preference to host sites that are for-profit businesses.

Cited segments of 2011 Assembly Bill 40:

**Vetoed
In Part
Vetoed
In Part**

SECTION 1385. 49.162 of the statutes, as affected by 2009 Wisconsin Act 333 and 2011 Wisconsin Act (this act) , is repealed.

SECTION 1385c. 49.162 (3) (am) 5. of the statutes is created to read:

49.162 (3) (am) 5. Host sites for employing individuals or placing work crews under this section must

be businesses that are operated for profit, except that in the case of a natural disaster for which the governor has declared a state of emergency under s. 323.10, the department shall give a preference to any work crew placement or host site involved in natural disaster recovery.

**Vetoed
In Part**

B-12. Local Child Support Enforcement

Governor’s written objections

Section 9108 (2i) (a) 2.

The bill requires the Department of Children and Families to develop, and submit to the Joint Committee on Finance no later than August 31, 2011, a detailed plan for distributing child support incentive payments to counties during calendar years 2012 and 2013. This provision prohibits the department from basing the child support incentive plan on an across-the-board reduction to child support incentive payments made in calendar year 2011.

I am vetoing this provision because the department already distributes federal child support incentive payments and state funding to counties for child support enforcement activities under an incentive program. The distribution is based on a county’s share of statewide support cases that receive enforcement services from a county child support agency and already established performance standards. Therefore, an across-the-board reduction should be an option the department can consider in developing its plan.

Cited segments of 2011 Assembly Bill 40:

SECTION 9108. Nonstatutory provisions; Children and Families.

(2i) DISTRIBUTION OF CHILD SUPPORT INCENTIVE PAYMENTS.

(a) *Review by joint committee on finance.*

2. ‘Across-the-board reduction.’ The plan may not be based on across-the-board reductions to child support incentive payments made in calendar year 2011.

**Vetoed
In Part**

B-13. Fingerprinting for Child Care Providers

Governor’s written objections

Section 1335d

This provision requires the Department of Children and Families, a county department, an agency contracted to administer the Wisconsin Shares program, or school board to require any person seeking a license to operate a child care center, certification as a child care provider or a contract to operate a child care program, be fingerprinted on two fingerprint cards, each bearing a complete set of the person’s fingerprints. Additionally, the Department of Justice may provide the fingerprint cards to the Federal Bureau of Investigation for the purposes of verifying the identity of the person fingerprinted and obtaining records of his or her criminal arrests and convictions.

Under current law, agencies already have the authority to require fingerprints of certified and licensed child care providers if those agencies determine there is a reasonable basis for further investigation as a result of required background checks.

I am vetoing this provision because requiring fingerprints of all child care providers creates an unnecessary burden for small child care businesses. If there is reasonable basis for further investigation as a result of required background checks, fingerprints can already be required. However, for child care providers who wish to participate in the Wisconsin Shares program, additional safeguards must be implemented to ensure that taxpayer dollars are spent properly. Reducing fraud and protecting the safety of children in the Wisconsin Shares program are top priorities of my administration. Therefore, I am directing the Department of Children and Families to amend the administrative rules for certified and licensed child care providers to require that any provider who wishes to participate in the Wisconsin Shares program submit fingerprints to the Department of Children and Families, a county department, or agency contracted to administer the Wisconsin Shares program.

Cited segments of 2011 Assembly Bill 40:

Vetoed
In Part

SECTION 1335d. 48.685 (2) (br) of the statutes is created to read:
48.685 (2) (br) If the person who is the subject of a search under par. (am) is seeking a license to operate a child care center under s. 48.65, certification as a child care provider under s. 48.651, or a contract under s. 120.13 (14) to operate a child care program, the department, county department, agency contracted with

under s. 48.651 (2), or school board shall require the person to be fingerprinted on 2 fingerprint cards, each bearing a complete set of the person's fingerprints. The department of justice may provide for the submission of the fingerprint cards to the federal bureau of investigation for the purposes of verifying the identity of the person fingerprinted and obtaining records of his or her criminal arrests and convictions.

Vetoed
In Part

B-14. Rules Related to Child Care Subsidies for Children of Child Care Providers

Governor's written objections

Section 9108 (2c)

The bill prohibits distribution of child care funds for services that are provided for a child by a child care provider who is the parent of the child or who resides with the child. Additionally, if a child's parent is a child care provider, the bill prohibits the distribution of funds for services that are provided for the child by another child care provider who is not the child's parent. These provisions would not apply if the child's parent has applied for, and been granted, a waiver of the prohibitions. The bill further provides that the Department of Children and Families shall specify the circumstances or standards under which a waiver will be granted by rule.

Section 9108 (2c) requires the department to submit the rules in proposed form to the Legislative Council staff under s. 227.15 (1) of the statutes no later than the first day of the fourth month beginning after the effective date of the bill.

I am vetoing this provision because it is unnecessary. Current law already requires submission of proposed rules to Legislative Council staff and I am directing the department to submit these proposed rules by January 1, 2012.

Cited segments of 2011 Assembly Bill 40:

Vetoed
In Part

SECTION 9108. Nonstatutory provisions; Children and Families.
(2c) RULES FOR WAIVER UNDER WISCONSIN SHARES.
The department of children and families shall submit in

proposed form the rules required under section 49.155 (3m) (d) 4. of the statutes, as created by this act, to the legislative council staff under section 227.15 (1) of the

Vetoed
In Part

Vetoed In Part statutes no later than the first day of the 4th month beginning after the effective date of this subsection.

B-15. Child Care State Administration and Licensing

Governor’s written objections

Section 9108 (1v) (b)

The bill transfers \$1,000,000 annually from the Department of Children and Families’ economic support federal block grant operations appropriation to the Joint Committee on Finance’s federal funds general supplementation appropriation for an automated attendance tracking system. This section requires the department to submit a request, by January 1, 2012, for these funds under a 14-day passive review process along with a plan that details how the automated attendance tracking system would work and how these funds would be spent.

I am partially vetoing this section to remove the due date because it is overly restrictive. The department needs sufficient time to fully research the best options for implementation of the automated attendance tracking system for child care providers.

Cited segments of 2011 Assembly Bill 40:

SECTION 9108. Nonstatutory provisions; Children and Families.

(1v) CHILD CARE AUTOMATED ATTENDANCE TRACKING SYSTEM.

Vetoed In Part (b) By January 1, 2012, the department of children and families shall submit to the joint committee on finance a request for that committee to supplement the appropriation account under section 20.437 (2) (mc) of the statutes, as affected by this act, for the purpose of implementing an automated attendance tracking system to electronically record and monitor child care attendance in licensed or certified child care facilities that receive reimbursement under the child care subsidy program under section 49.155 of the statutes, as affected by this act. That department shall include in the request

a detailed plan explaining how the system would work and how the supplement, if released, would be spent. The joint committee on finance, from the appropriation account under section 20.865 (4) (m) of the statutes, may supplement the appropriation account under section 20.437 (2) (mc) of the statutes, as affected by this act, by an amount that is sufficient to implement the system, but not by more than \$1,000,000 in each of fiscal years 2011-12 and 2012-13. Notwithstanding section 13.101 (3) (a) of the statutes, the joint committee on finance is not required to find that an emergency exists. The joint committee on finance may use the process described in paragraph (c) to provide a supplement under this paragraph.

PUBLIC INSTRUCTION

B-16. Submission of Data for Choice Program Eligibility Determinations

Governor’s written objections

Sections 2532m [as it relates to s. 118.60 (2) (a) 1. b.] and 2536g

Section 2532m creates a parental choice program for school districts other than Milwaukee that meet certain criteria. This section includes pupil eligibility criteria as well. Under the section, pupils are eligible to participate in the parental choice program if family income is 300 percent of the federal poverty level or less. Section 2532m [as it relates to s.

118.60 (2) (a) 1. b.] establishes a method of determining income eligibility and requires participating schools to submit certain data to the Department of Revenue.

The budget also revises income eligibility for the Milwaukee parental choice program, incorporating the 300 percent of the federal poverty level ceiling set forth in section 2532m. Section 2536g also requires participating schools to submit certain data to the Department of Revenue for income eligibility determinations.

I am partially vetoing sections 2532m [as it relates to s. 118.60(2) (a) 1. b.] and 2536g to require participating schools to submit family income data to the Department of Public Instruction instead of the Department of Revenue. I object to the process proposed because it unnecessarily requires participating schools to report data to multiple state agencies. The Department of Public Instruction is the primary contact at the state level for schools in the parental choice program. Further, it is responsible for determining eligibility of schools and of pupils whose eligibility cannot be determined by the Department of Revenue, and as such also likely will collect information from participating schools. Therefore, it is appropriate for the Department of Public Instruction to collect all data and share it as needed with the Department of Revenue.

Cited segments of 2011 Assembly Bill 40:

SECTION 2532m. 118.60 of the statutes is created to read:

118.60 Parental choice programs for eligible school districts.

(2) (a) 1.

b. The private school submits to the department of revenue the names, addresses, social security numbers, and other state and federal tax identification numbers, if any, of the pupil's parents or legal guardians. The department of revenue shall review the information submitted under this subd. 1. b. and shall determine whether the pupil is eligible to participate in the program under this section on the basis of family income. Family income for a family in which the pupil's parents are married or in which the pupil's legal guardians are married shall be reduced by \$7,000 before the determination is made under this subd. 1. b. The department of revenue may take no other action on the basis of the information submitted under this subd. 1. b.

**Vetoed
In Part**

The department of public instruction may not request any additional verification of income from the family of a pupil once the department of revenue has determined whether the pupil is eligible to participate in the program under this section on the basis of family income. The department of public instruction shall establish a procedure for determining family income eligibility for

**Vetoed
In Part**

**Vetoed
In Part**

those pupils for whom no social security number or state or federal tax identification number has been provided.

SECTION 2536g. 119.23 (2) (a) 1. b. of the statutes is created to read:

119.23 (2) (a) 1. b. The private school submits to the department of revenue the names, addresses, social security numbers, and other state and federal tax identification numbers, if any, of the pupil's parents or legal guardians. The department of revenue shall review the information submitted under this subd. 1. b. and shall determine whether the pupil is eligible to participate in the program under this section on the basis of family income. Family income for a family in which the pupil's parents are married or in which the pupil's legal guardians are married shall be reduced by \$7,000 before the determination is made under this subd. 1. b. The department of revenue may take no other action on the basis of the information submitted under this subd. 1. b. The department of public instruction may not request any additional verification of income from the family of a pupil once the department of revenue has determined whether the pupil is eligible to participate in the program under this section on the basis of family income. The department of public instruction shall establish a procedure for determining family income eligibility for

**Vetoed
In Part**

**Vetoed
In Part**

**Vetoed
In Part**

those pupils for whom no social security number or state or federal tax identification number has been provided.

UNIVERSITY OF WISCONSIN SYSTEM

B-17. Approval for University of Wisconsin-Madison Employment Plans

Governor's written objections

Sections 970L, 2426L and 9152 (1c) (b)

The bill gives additional operational flexibility to the University of Wisconsin-Madison related to employee compensation, personnel systems and labor negotiations. It allows the University of Wisconsin System and the University of Wisconsin-Madison to provide supplemental pay plans in the 2011-13 biennium funded from base resources to provide competitive pay; transfers all current University of Wisconsin System employees to a new personnel system and University of Wisconsin-Madison employees to a new personnel system, beginning on July 1, 2013; and transfers labor contracts and future labor negotiations, subject to 2011 Wisconsin Act 10, from the Office of State Employment Relations to the University of Wisconsin System and the University of Wisconsin-Madison.

These sections require the Chancellor of the University of Wisconsin-Madison to submit compensation, personnel system plans and tentative labor agreements related to University of Wisconsin-Madison employees to the Board of Regents for approval, prior to submitting these plans to the Joint Committee on Employment Relations.

I object to the requirement that the Chancellor of the University of Wisconsin-Madison submit the supplemental pay plan, personnel system plan and tentative labor agreements to the Board of Regents for approval. Under the bill, these plans will already require approval from the Joint Committee on Employment Relations.

Therefore, I am partially vetoing sections 970L, 2426L and 9152 (1c) (b) to eliminate the Board of Regents' review and approval. I originally proposed restructuring the University of Wisconsin-Madison into a public authority to provide greater autonomy to manage compensation and human resources to recruit top faculty and remain an engine for research and patent production. Removing this level of approval will give the state's flagship campus the level of autonomy it needs to successfully compete in the global higher education environment.

Cited segments of 2011 Assembly Bill 40:

SECTION 970L. 36.115 of the statutes is created to read:

36.115 Personnel systems.

(3) In consultation with the board, the chancellor shall develop a personnel system that is separate and distinct from the personnel system under ch. 230 for all system employees assigned to the University of Wisconsin-Madison.

(5)

(c) The chancellor may not implement the personnel system developed under sub. (3) unless it has been approved by the board and the joint committee on employment relations.

SECTION 2426L. 111.92 (1) (a) 2. and 3. of the statutes are created to read:

111.92 (1) (a)

3. Any tentative agreement reached between the University of Wisconsin-Madison, acting for the state, and any labor organization representing a collective bargaining unit specified in s. 111.825 (1t) shall, after official ratification by the labor organization and approval by the Board of Regents of the University of Wisconsin System, be submitted by the University of Wisconsin-Madison to the joint committee on employment relations, which shall hold a public hearing before determining its approval or disapproval.

SECTION 9152. Nonstatutory provisions; University of Wisconsin System.

(1c) SUPPLEMENTAL PAY PLANS DURING 2011-13 FISCAL BIENNIUM.

(b) Chancellor of the University of Wisconsin-Madison. During the 2011-13 fiscal

Vetoed
In Part

Vetoed
In Part

Vetoed
In Part

biennium, the chancellor of the University of Wisconsin-Madison may provide supplemental pay plans for all employees assigned to the University of Wisconsin-Madison. The supplemental pay plans shall be in addition to any pay plan approved under section 230.12 (3) (e) 1. of the statutes. **The chancellor shall submit the plans to the Board of Regents of the University of Wisconsin System. If the board approves the plans, the**

chancellor shall submit the plans to the joint committee on employment relations and the plans may be implemented only upon approval of the committee. The board may not request supplemental funding under section 20.928 of the statutes to pay the costs of these plans and the board, under section 16.42 of the statutes, may not request any funding of increases in salary and fringe benefit costs provided in these plans.

**Vetoed
In Part**

B-18. Annual Reporting of Contractual Service Procurements

Governor's written objections

Sections 239g and 9452 (1d) [as it relates to s. 16.705 (8) (intro.)]

These sections exempt the University of Wisconsin System from reporting the procurement of contractual services annually to the Governor and the Legislature.

I am vetoing section 239g and partially vetoing section 9452 (1d) [as it relates to s. 16.705 (8) (intro.)] because I object to this reduction in accountability and transparency in state government. It is important to continue to report procurements of contractual services to ensure that all state agencies are spending tax dollars responsibly. It is also important to collect information necessary for the State Bureau of Procurement to analyze and respond to procurement trends throughout state government.

Cited segments of 2011 Assembly Bill 40:

**Vetoed
In Part**

SECTION 239g. 16.705 (8) (intro.) of the statutes is amended to read:

16.705 (8) (intro.) The department shall, annually on or before October 15, submit to the governor, the joint committee on finance, the joint legislative audit committee and the chief clerk of each house of the legislature for distribution to the appropriate standing committees under s. 13.172 (3), a report concerning the number, value and nature of contractual service procurements authorized for each agency, except the University of Wisconsin System, during the preceding fiscal year. The report shall also include, with respect to contractual service procurements by agencies, except the University of Wisconsin System, for the preceding fiscal year:

SECTION 9452. Effective dates; University of Wisconsin System.

(1d) UNIVERSITY OF WISCONSIN. The treatment of sections 16.705 (1r) (d) and (e), (2), (3) (intro.), and (8) (intro.), 16.71 (1m) (by SECTION 241f) and (4), 16.72 (8), 16.73 (5), 16.78 (1), 16.993 (7), 19.42 (13) (b), (c), and

**Vetoed
In Part**

(cm), 19.45 (11) (a) and (b), 20.865 (1) (c), (ci), (i), (ic), (s), and (si), 20.916 (10), 20.923 (4g), (5), (6) (Lm) and (m), (14) (b), (15) (b), and (16), 36.09 (1) (e), (i), (j), and (k), 36.15 (2), 36.30, 36.52, 40.02 (30), 111.335 (1) (cv), 111.81 (7) (ar) and (at), 111.815 (1) and (2), 111.825 (1r), (1t), (2) (a), (b), (c), (f), (g), (h), and (i), (3), (3m), (4), (6), and (7), 111.83 (5) (a), (b), and (c), 111.84 (2) (c), 111.91 (4), 111.93 (2) and (3), 111.935 (2), 230.01 (1), 230.03 (3), (6), (6m), (10h), and (13), 230.08 (2) (cm), (d), (dm), and (k), 230.10 (2), 230.12 (1) (a) 1. b. and (3) (e) (title) and 1., and 230.34 (1) (ar) of the statutes, the repeal of sections 36.58 (5) and 230.143 (1) and (2) of the statutes, the renumbering of sections 111.83 (7) and 111.85 (5) of the statutes, the renumbering and amendment of sections 16.417 (2) (f), 16.75 (1) (b) and (2m) (b), 111.92 (1) (a), and 230.143 (intro.) of the statutes, the creation of sections 16.417 (2) (f) 2., 16.75 (1) (b) 2. and (2m) (b) 2., 111.83 (7) (b), 111.85 (5) (b), and 111.92 (1) (a) 2. and 3. of the statutes, and SECTIONS 9152 (1c) and 9301 (3f) of this act take effect on July 1, 2013.

B-19. Joint Committee on Finance Authority to Postpone Telecommunications Services Prohibition

Governor’s written objections

Section 1015x

This section defines telecommunications services and third-party entity and, beginning July 1, 2013, prohibits the University of Wisconsin System from becoming a member, shareholder or partner in any third-party entity or other person that offers, resells, or provides telecommunications services to the general public or to any public or private entity unless the third-party entity or other person does not offer, resell or provide telecommunication services that it did not offer, resell, or provide on June 15, 2011, and the third-party entity or other person does not offer, resell, or provide telecommunications services to a private entity, to the general public, or to a public entity other than a university or a university-affiliated research facility or a facility approved by the Joint Committee on Finance that it is not already serving on June 15, 2011. The section allows the Joint Committee on Finance to postpone the July 1, 2013, effective date for these prohibitions through majority vote.

I am partially vetoing this section to remove the authority of the Joint Committee on Finance to postpone these prohibitions because the University of Wisconsin System should not compete with private sector businesses in providing telecommunications services. The bill does not prohibit the University of Wisconsin System from participating in a third-party comprised entirely of universities and university-affiliated research facilities. There is no need to delay the prohibitions included in the bill beyond July 1, 2013.

Cited segments of 2011 Assembly Bill 40:

SECTION 1015x. 36.585 of the statutes is created to read:

36.585 Telecommunications and information technology services.

(3) (a) Except as provided in par. (b), beginning July 1, 2013, the board may not be, and shall ensure that no institution or college campus is and that the extension is

not, a member, shareholder, or partner in or with any third-party entity or other person that offers, resells, or provides telecommunications services to the general public or to any public or private entity unless at least one of the following applies:

(b) The joint committee on finance may by majority vote postpone the prohibition under par. (a).

**Vetoed
In Part**

**Vetoed
In Part**

B-20. Review of Position Titles and Classifications

Governor’s written objections

Sections 2410L and 9452 (1d) [as it relates to s. 111.825 (3m)]

These sections require the Wisconsin Employment Relations Commission to determine if titles or classifications newly created by the University of Wisconsin-Madison or the Board of Regents of the University of Wisconsin System would make the person who holds the position an employee eligible for a bargaining unit, and to assign any eligible new position title or classification to the appropriate collective bargaining unit; and set July 1, 2013, as the effective date.

I am vetoing section 2410L and partially vetoing section 9452 (1d) [as it relates to s. 111.825 (3m)] to remove the commission’s review and assignment of newly created titles or classifications, because this provision significantly expands the commission’s responsibilities beyond current law and unnecessarily burdens the commission. The effect of this veto is to limit the commission’s role to unit clarification as under current law.

Cited segments of 2011 Assembly Bill 40:

**Vetoed
In Part**

SECTION 2410L. 111.825 (3m) of the statutes is created to read:

111.825 (3m) If, on or after the effective date of this subsection [LRB inserts date], the University of Wisconsin-Madison or the Board of Regents of the University of Wisconsin System creates a new position title or classification for a position, the commission shall, within 30 days of being notified of the creation, determine if the title or classification would make the person who holds the position an employee under s. 111.81 (7) (ar) or (at) and assign any new position title or classification that would make the position holder an employee to the appropriate collective bargaining unit under s. 111.825 (1r) or (1t).

SECTION 9452. Effective dates; University of Wisconsin System.

(1d) UNIVERSITY OF WISCONSIN. The treatment of sections 16.705 (1r) (d) and (e), (2), (3) (intro.), and (8) (intro.), 16.71 (1m) (by SECTION 241f) and (4), 16.72 (8), 16.73 (5), 16.78 (1), 16.993 (7), 19.42 (13) (b), (c), and

(cm), 19.45 (11) (a) and (b), 20.865 (1) (c), (ci), (i), (ic), (s), and (si), 20.916 (10), 20.923 (4g), (5), (6) (Lm) and (m), (14) (b), (15) (b), and (16), 36.09 (1) (e), (i), (j), and (k), 36.15 (2), 36.30, 36.52, 40.02 (30), 111.335 (1) (cv), 111.81 (7) (ar) and (at), 111.815 (1) and (2), 111.825 (1r), (1t), (2) (a), (b), (c), (f), (g), (h), and (i), (3), (3m), (4), (6), and (7), 111.83 (5) (a), (b), and (c), 111.84 (2) (c), 111.91 (4), 111.93 (2) and (3), 111.935 (2), 230.01 (1), 230.03 (3), (6), (6m), (10h), and (13), 230.08 (2) (cm), (d), (dm), and (k), 230.10 (2), 230.12 (1) (a) 1. b. and (3) (e) (title) and 1., and 230.34 (1) (ar) of the statutes, the repeal of sections 36.58 (5) and 230.143 (1) and (2) of the statutes, the renumbering of sections 111.83 (7) and 111.85 (5) of the statutes, the renumbering and amendment of sections 16.417 (2) (f), 16.75 (1) (b) and (2m) (b), 111.92 (1) (a), and 230.143 (intro.) of the statutes, the creation of sections 16.417 (2) (f) 2., 16.75 (1) (b) 2. and (2m) (b) 2., 111.83 (7) (b), 111.85 (5) (b), and 111.92 (1) (a) 2. and 3. of the statutes, and SECTIONS 9152 (1c) and 9301 (3f) of this act take effect on July 1, 2013.

**Vetoed
In Part**

B-21. Technical Correction to "Academic Faculty"

Governor's written objections

Sections 2410a and 2410b

These sections create bargaining units for University of Wisconsin System and University of Wisconsin-Madison employees, except "academic faculty" and "academic staff." The term "academic faculty" does not appear in current law under s. 36.13, as referenced in sections 2410a and 2410b.

I am partially vetoing these sections to remove the term "academic" because the reference is incorrect and a technical modification is necessary. In statute, this type of employee is referred to only as faculty.

Cited segments of 2011 Assembly Bill 40:

SECTION 2410a. 111.81 (7) (ar) of the statutes is created to read:

111.81 (7) (ar) Any employee who is employed by the University of Wisconsin System, except an employee who is assigned to the University of Wisconsin-Madison, and except academic faculty under

**Vetoed
In Part**

s. 36.13 and academic staff under s. 36.15.

SECTION 2410b. 111.81 (7) (at) of the statutes is created to read:

111.81 (7) (at) Any employee who is employed by the University of Wisconsin System and assigned to the

Vetoed University of Wisconsin-Madison except **academic**
In Part faculty under s. 36.13 and academic staff under s. 36.15.

C. GENERAL GOVERNMENT AND ECONOMIC DEVELOPMENT

EMPLOYMENT RELATIONS COMMISSION

C-22. Include Certain Emergency Medical Service Providers in the 2011 Wisconsin Act 10 Collective Bargaining Exemptions

Governor's written objections

Section 2406d

This section defines public safety employees for the purpose of employee compensation and collective bargaining changes under 2011 Wisconsin Act 10. An emergency medical service provider for the emergency medical services departments in Door and Waushara Counties is included in the definition of public safety employee. Under Act 10, current public safety employees retain the ability to bargain for wages, hours and conditions of employment, including the ability to bargain for employer payment of employee-required retirement and health insurance contributions.

I am partially vetoing this section to delete the reference to Door and Waushara counties because I object to limiting this eligibility to emergency medical service providers in two counties. With this veto, all emergency medical service providers will be covered by this provision, consistent with emergency medical services providers that are considered fire-fighter personnel for purposes of collective bargaining changes under Act 10.

Cited segments of 2011 Assembly Bill 40:

SECTION 2406d. 111.70 (1) (mm) of the statutes, as created by 2011 Wisconsin Act 10, is repealed and recreated to read:

111.70 (1) (mm)

2. An emergency medical service provider for the emergency medical services departments in Door and Waushara counties . **Vetoed In Part**

C-23. Modify Pay Provisions for City of Milwaukee Discharged or Suspended Police Officers

Governor's written objections

Sections 1715h and 1715k

These sections require that any member of a police force in a first class city (currently only the city of Milwaukee) may not be discharged or suspended without pay or benefits until a decision regarding the discharge or suspension has been made by the Board of Police and Fire Commissioners or the time for filing an appeal has passed, unless felony or class A or B misdemeanor charges are also pending.

While I understand the concerns that this provision seeks to address, I object to this provision because I believe that changes to the current law provision should be dealt with through separate legislation in order to gather input from all

affected parties regarding the process. My veto of these sections will return pay treatment of discharged or suspended officers in the city of Milwaukee to current law, which prohibits withholding pay and benefits for officers who have been suspended but permits the city to discharge a police officer without pay during the appeals process.

Cited segments of 2011 Assembly Bill 40:

Vetoed
In Part

SECTION 1715h. 62.50 (18) of the statutes is renumbered 62.50 (18) (a) and amended to read:

62.50 (18) (a) No chief officer of either department or member of the fire department may be deprived of any salary or wages for the period of time suspended preceding an investigation or trial, unless the charge is sustained. ~~No~~ Except as provided in par. (b), no member of the police force may be discharged or suspended under sub. (11) or (13) without pay or benefits until the matter that is the subject of the discharge or suspension is disposed of by the board or the time for appeal under sub. (13) passes without an appeal being made.

SECTION 1715k. 62.50 (18) (b) of the statutes is created to read:

62.50 (18) (b) Following a discharge or suspension under sub. (11) or (13), no member of the police force is entitled to any salary or wages from the department pending an appeal of the discharge or suspension to the board of fire and police commissioners if charges relating to an offense are also pending against the member and such charges arose out of the same conduct or incident that serves as the basis for the discharge or suspension. If the charges against the officer are dismissed, or if the officer is found not guilty of the charges, the officer shall be reinstated and entitled to pay as described in sub. (22).

Vetoed
In Part

EMPLOYEE TRUST FUNDS

C-24. Required Minimum Annual Contributions by Local Governmental Units to a Retirement System

Governor’s written objections

Section 1725e

This section requires local governmental units to pay employer contributions into the retirement system in which their employees are participating in an amount at least equal to all the employee–required contributions under that retirement system, no later than December 31 of each year.

I am vetoing this section because it may have the unintended consequence of creating an unfunded liability as the employer–required share will generally exceed the employee share due to employer contribution requirements for protective occupational classes. It may also result in overfunding if the retirement system is fully funded and payments are being made, when savings could be returned to taxpayers or used for other services. In addition, it may encourage employers to delay making payments into the system until the end of the calendar year, which creates the potential for a situation that negatively affects the system’s cash flow.

Cited segments of 2011 Assembly Bill 40:

Vetoed
In Part

SECTION 1725e. 66.0604 of the statutes is created to read:

66.0604 Payment of employer contributions in retirement systems. (1) In this section, “local governmental unit” has the meaning given in s. 66.0131

(1) (a).

(2) Annually, no later than December 31, each local governmental unit shall pay employer contributions into the retirement system in which its employees are participating employees an amount that is at least equal

Vetoed
In Part

Vetoed In Part to all employee required contributions under that retirement system.

C-25. Wisconsin Retirement System Vesting Requirements

Governor's written objections

Sections 1156k and 1156t

These sections modify the vesting requirements for state and local employees hired on or after the effective date of the bill. Under the provision, employees who separate from service with fewer than five years of creditable service in the Wisconsin Retirement System (WRS) and who are eligible for an annuity may only receive a partial annuity under a formula or money purchase benefit. The partial benefit is based on a percentage of credited employer contribution available to the employee and is based on the years of service. Under current law, employees are vested immediately, and the annuity upon retirement is based on a formula benefit calculated on years of service or a money purchase benefit which includes all employee and employer contributions.

I object to this provision as it is administratively difficult and expensive to implement, with little cost savings to the WRS. Because the annuity that would be calculated for employees with fewer than five years of service is relatively modest, those employees are already likely to take their accumulated employee contributions with them upon separation from WRS service.

I am partially vetoing these sections in order to require employees to have five years of service prior to being eligible for either a formula or money purchase annuity benefit by digit vetoing the annuity amount for those with less than five years of creditable service to zero. This provision, as modified by the partial veto, is similar to the vesting waiting period in 25 other states and the WRS vesting provisions that existed until 1998. It will also improve retention by encouraging employees participating in the WRS to work for a WRS-participating employer at least five years.

Cited segments of 2011 Assembly Bill 40:

SECTION 1156k. 40.23 (2m) (er) of the statutes is created to read:

40.23 (2m) (er) For a participant who initially becomes a participating employee on or after the effective date of this paragraph [LRB inserts date], all of the following shall apply:

- 1. If the participant has less than 1 year of creditable service, the annuity amount under par. (e) shall be reduced by 50 percent.
- 2. If the participant has at least 1 year of creditable service, but less than 2 years of creditable service, the annuity amount under par. (e) shall be reduced by 40 percent.
- 3. If the participant has at least 2 years of creditable service, but less than 3 years of creditable service, the annuity amount under par. (e) shall be reduced by 30 percent.
- 4. If the participant has at least 3 years of creditable service, but less than 4 years of creditable service, the annuity amount under par. (e) shall be reduced by 20 percent.
- 5. If the participant has at least 4 years of creditable service, but less than 5 years of creditable service, the

annuity amount under par. (e) shall be reduced by 10 percent .

Vetoed In Part

SECTION 1156t. 40.23 (3) (b) of the statutes is created to read:

40.23 (3) (b) For a participant who initially becomes a participating employee on or after the effective date of this paragraph [LRB inserts date], all of the following shall apply for purposes of calculating a money purchase annuity under par. (a):

- 1. If the participant has less than 1 year of creditable service, there shall be no amount from the employer accumulation reserve.
- 2. If the participant has at least 1 year of creditable service, but less than 2 years of creditable service, the amount from the employer accumulation reserve shall equal 20 percent of the participant's accumulated required contributions.
- 3. If the participant has at least 2 years of creditable service, but less than 3 years of creditable service, the amount from the employer accumulation reserve shall equal 40 percent of the participant's accumulated required contributions.

Vetoed In Part

Vetoed In Part

Vetoed In Part

Vetoed In Part

**Vetoed
In Part**

4. If the participant has at least 3 years of creditable service, but less than 4 years of creditable service, the amount from the employer accumulation reserve shall equal 60 percent of the participant's accumulated required contributions.

5. If the participant has at least 4 years of creditable service, but less than 5 years of creditable service, the amount from the employer accumulation reserve shall equal 80 percent of the participant's accumulated required contributions .

**Vetoed
In Part

Vetoed
In Part**

C-26. Study of Group Insurance Board Health Insurance Options

Governor's written objections

Section 9143 (2q) (a) 3.

This provision requires the director of the Office of State Employment Relations and the Department of Employee Trust Funds secretary to study the feasibility of certain health insurance options, including the implementation of a program beginning January 1, 2012, to provide an on-line marketplace for the purchase of prescription drugs. This program would act as a supplement to the existing pharmacy benefit management program provided by the Group Insurance Board plans. The entire study is required to be completed by October 31, 2011.

I am partially vetoing this provision to delete the requirement that the program, if implemented, be offered beginning on January 1, 2012, because it is overly burdensome. The Group Insurance Board is in the process of completing its contract negotiations for the calendar 2012 insurance plan year and would not be able to modify the plans after the study due date.

Cited segments of 2011 Assembly Bill 40:

SECTION 9143. Nonstatutory provisions; State Employment Relations, Office of.
(2q) HEALTH INSURANCE OPTIONS.
(a)
3. Implementing a program, beginning on January 1,

2012, to provide an online marketplace for the purchase of prescription drugs as a supplement to the pharmacy benefit management program provided under the group insurance plans offered by the group insurance board.

**Vetoed
In Part**

**Vetoed
In Part**

C-27. Payment of Employee-Required Contributions—Initial Applicability

Governor's written objections

Section 9315 (2q)

This provision establishes the initial applicability of modifications to the statutes dealing with employee-required contributions.

At the request of the Legislative Reference Bureau, I am partially vetoing the initial applicability treatment of certain provisions that were already addressed in 2011 Wisconsin Act 10. This veto will retain the initial applicability treatment of only those provisions that were revised in enrolled 2011 Wisconsin Assembly Bill 40 (the 2011-13 biennial budget).

Cited segments of 2011 Assembly Bill 40:

SECTION 9315. Initial applicability; Employee Trust Funds.

Vetoed In Part
Vetoed In Part

(2q) PAYMENT OF EMPLOYEE REQUIRED CONTRIBUTIONS. The treatment of sections 13.111 (2), 40.02 (27), 40.05 (1) (a) (intro.), 1., 2., 3., and 4. and (b), (2m), and (2n), 40.32 (1), 59.875, 62.623, and 66.0518 of

the statutes and SECTION 9115 (2q) of this act first apply to employees who are covered by a collective bargaining agreement that contains provisions inconsistent with those sections on the day on which the agreement expires or is terminated, extended, modified, or renewed, whichever occurs first.

Vetoed In Part

GOVERNMENT ACCOUNTABILITY BOARD

C-28. Statements of Economic Interest

Governor's written objections

Section 357m

This provision modifies current law regarding access to statements of economic interest prepared by certain public officials and employees. Under the provision, persons wishing to examine a statement of economic interest must appear in person at the Government Accountability Board. Current law does not specify how the Government Accountability Board provides access to the records, other than requiring an individual wishing to inspect the records to provide his or her full name and address. Current practice allows for electronic access to the statements.

I am vetoing this provision because it limits access to statements of economic interest to in-person review. This violates the principles of transparency and open government that are fundamental to public oversight and a key tenet of my administration.

Cited segments of 2011 Assembly Bill 40:

Vetoed In Part

SECTION 357m. 19.55 (1) of the statutes is amended to read:

19.55 (1) Except as provided in sub. (2) and s. 5.05 (5s), all records under this subchapter or subch. III of ch. 13 in the possession of the board are open to public inspection at all reasonable times. The board shall require each person wishing to examine or copy a statement of economic interests and any information contained therein to do so only at the office of the board, and shall require an individual wishing to examine or

copy a statement of economic interests or the list of persons who inspect any statements which are in the board's possession to provide his or her full name and address, and if the individual is representing another person, the full name and address of the person which he or she represents. Such identification may shall be provided in writing or in person. The board shall record and retain for at least 3 years information obtained by it pursuant to this subsection. No individual may use a

Vetoed In Part

Vetoed In Part fictitious name or address or fail to identify a principal in making any request for inspection.

D. HEALTH SERVICES AND INSURANCE

HEALTH SERVICES

D-29. Family Care Cost-Effectiveness Study

Governor's written objections

Section 9121 (3g)

This section requires the Department of Health Services secretary to study the cost-effectiveness of the Family Care program, the Family Care Partnership, the IRIS self-directed care program and the program for all-inclusive care for the elderly (PACE). The study will compare the cost-effectiveness of each program to each of the other programs and is due to the Joint Committee on Finance by March 1, 2012.

I am partially vetoing this section to remove the requirement that the report be submitted by March 1, 2012, because the department is already required to prepare this information as a response to the 2011 Legislative Audit Bureau study of the Family Care program. The findings of that review are due to the Joint Legislative Audit Committee on August 31, 2012, and to submit a partial analysis in March would be premature.

Cited segments of 2011 Assembly Bill 40:

SECTION 9121. Nonstatutory provisions; Health Services.

(3g) LONG-TERM CARE COST-EFFECTIVENESS STUDY. The secretary of the department shall study the cost-effectiveness of the family care program, the family care partnership program, the self-directed services option, and the program for all-inclusive care for the elderly under 42 USC 1396u-4. The study shall compare the cost-effectiveness of each program to each of the

other programs; the cost-effectiveness of each program to the benefits provided to medical assistance recipients under section 49.46 (2) (a) and (b) of the statutes; and the cost-effectiveness of the care that individuals receive before they enroll in a long-term care program to the care that the individuals receive in a long-term care program. The department shall submit the findings of its study to the joint committee on finance by March 1, 2012 .

Vetoed In Part

D-30. Medicaid Family Planning Waiver Services

Governor's written objections

Sections 1439n, 1439w, 1439x, 1441b and 9421 (7)

This provision requires the Department of Health Services to request and implement a federal waiver to provide family planning services under Medicaid to women between the ages of 15 and 44 whose family income does not exceed 200 percent of the federal poverty level. The waiver must require parental notification of services provided to females under 18 years old and must specify that the determination of eligibility for minors is based on the income of a parent or guardian.

I am vetoing sections 1439w, 1439x and 9421 (7) and partially vetoing sections 1439n and 1441b because I object to the inflexibility of the language. This veto is not intended to end the program but to instead provide the department greater latitude to determine the appropriate ages and income levels for coverage of family planning services under Medicaid. The veto retains the provisions that require parental notification of family planning services provided to females under 18 years old and specify that eligibility for minors be based on family income and not individual income.

Cited segments of 2011 Assembly Bill 40:

**Vetoed
In Part
Vetoed
In Part**

SECTION 1439n. 49.45 (24r) of the statutes, as affected by 2011 Wisconsin Act (this act), is repealed.

SECTION 1439w. 49.45 (24r) (a) of the statutes is amended to read:

49.45 (24r) (a) The department shall implement any waiver granted by the secretary of the federal department of health and human services to permit the department to conduct a demonstration project to provide family planning, as defined in s. 253.07 (1) (a), under medical assistance to any woman between the ages of 15 and 44 whose family income does not exceed 200% of the poverty line for a family the size of the woman's family. If the department creates a policy under sub. (2m) (c) 10., this paragraph does not apply to the extent that it conflicts with the policy.

SECTION 1439x. 49.45 (24r) (b) of the statutes is amended to read:

49.45 (24r) (b) The department may request an amended waiver from the secretary to permit the department to conduct a demonstration project to provide family planning to any man between the ages of 15 and 44 whose family income does not exceed 200 percent of the

poverty line for a family the size of the man's family. If the amended waiver is granted, the department may implement the waiver. If the department creates a policy under sub. (2m) (c) 10., this paragraph does not apply to the extent that it conflicts with the policy.

**Vetoed
In Part**

SECTION 1441b. 49.45 (24s) of the statutes is created to read:

49.45 (24s) FAMILY PLANNING PROJECT. (a) The department shall request a waiver from the secretary of the federal department of health and human services to permit the department to provide optional services for family planning, as defined in s. 253.07 (1) (a), under medical assistance to any female between the ages of 15 and 44 whose family income does not exceed 200 percent of the poverty line for a family the size of the female's family, unless otherwise provided by the department by a policy created under sub. (2m) (c) 10. The department shall implement any waiver granted.

**Vetoed
In Part**

SECTION 9421. Effective dates; Health Services.

(7) FAMILY PLANNING DEMONSTRATION PROJECT. The repeal of section 49.45 (24r) of the statutes takes effect on January 1, 2012.

**Vetoed
In Part**

D-31. Study on the Purchase of Generic Drugs for Medical Assistance

Governor's written objections

Section 9121 (11i)

This provision requires the Department of Health Services to conduct a study to determine if a competitive bidding process for the purchase of generic drug equivalents provided through the Medical Assistance program would generate cost savings to the program. The study is due to the Joint Committee on Finance no later than December 31, 2011.

I am partially vetoing the provision to remove the requirement that the report be submitted by December 31, 2011, because I believe the department should have flexibility to review all aspects of this option and applying an arbitrary due date removes this flexibility.

Cited segments of 2011 Assembly Bill 40:

SECTION 9121. Nonstatutory provisions; Health Services.

(11i) STUDY ON PURCHASE OF GENERIC DRUGS FOR MEDICAL ASSISTANCE. The department of health services shall conduct a study to determine whether the use of a

competitive bidding process for the purchase of generic drug equivalents that are provided to recipients under the Medical Assistance program would generate cost savings in the Medical Assistance program. No later than December 31, 2011, the department of health services

**Vetoed
In Part**

shall submit a report of its findings under the study to the joint committee on finance.

SAFETY AND PROFESSIONAL SERVICES

D-32. Bail Bond Surety Licensing

Governor’s written objections

Sections 373 [as it relates to s. 20.165 (1) (gk)], 496m, 3205p, 3205r, 3212m, 3541g, 3541r and 9140 (5c)

These sections require the Department of Safety and Professional Services to regulate and license bail bond surety agents and corporations and to collect annual licensing fees of \$1,000 per agent or corporation, under requirements promulgated in administrative rule. Surety agents and corporations would be compensated 10 percent of the bond set.

I am vetoing this provision because it does not provide sufficient time to properly evaluate the proposal and to plan for appropriate regulation of this industry prior to the date of implementation. I agree with the intent of the provision to reduce local government administrative costs and ensure defendants show up for court dates. However, although the commercial bail bonds industry works well in many other states, there must be sufficient notice and planning to ensure that counties, courts and regulatory agencies are able to appropriately implement this provision to avoid implementation problems and misuse of the system. Considering this provision as separate legislation will provide time for adequate review and planning to ensure the successful implementation of a commercial bail bonds system in Wisconsin.

Cited segments of 2011 Assembly Bill 40:

SECTION 373. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2011-12	2012-13
-----------------------------	--------	------	---------	---------

20.165 Department of Safety and Professional Services

(1) PROFESSIONAL REGULATION AND ADMINISTRATIVE SERVICES

(gk) Bail bond sureties and agents	PR	A	-0-	-0-
------------------------------------	----	---	-----	-----

**Vetoed
In Part
Vetoed
In Part**

**Vetoed
In Part** **SECTION 496m.** 20.165 (1) (gk) of the statutes is created to read:

20.165 (1) (gk) *Bail bond sureties and agents.* The amounts in the schedule for administration of surety bail bond corporation and agent licenses under subch. XV of ch. 440. All moneys received from fees collected under ss. 440.9993 (1) (b) and (2) (b) and 440.9994 (1) shall be credited to this appropriation account.

**Vetoed
In Part** **SECTION 3205p.** 440.08 (2) (a) 15g. of the statutes is created to read:

440.08 (2) (a) 15g. Bail bond surety corporation: December 1 of each year.

SECTION 3205r. 440.08 (2) (a) 15r. of the statutes is created to read:

440.08 (2) (a) 15r. Bail bond surety agent: June 1 of each year.

**Vetoed
In Part** **SECTION 3212m.** Subchapter XV of Chapter 440 [precedes 440.9991] of the statutes is created to read:

CHAPTER 440

SUBCHAPTER XV

BAIL BOND SURETIES

440.9991 Definitions. In this subchapter:

(1) “Licensed bail bond surety agent” or “bail bond surety agent” means a person licensed under s. 440.9993 (2).

(2) “Licensed bail bond surety corporation” or “bail bond surety corporation” means a person licensed under s. 440.9993 (1).

440.9992 License required. No person may be compensated to act as a surety for a bond under ch. 969 unless the person is a licensed bail bond surety corporation or agent. A licensed bail bond surety corporation or agent shall be compensated at the rate established under s. 969.12 (2).

440.9993 Licensure. (1) BAIL BOND SURETY CORPORATIONS. The department shall grant a license as a bail bond surety corporation to a business entity, as defined in s. 13.62 (5), if all of the following apply:

**Vetoed
In Part**

(a) The business submits an application to the department on a form provided by the department.

(b) The business pays the initial credential fee of \$1,000.

(c) The business submits, in addition to any other information required by the department, evidence satisfactory to the department, including financial information, that the business is qualified to act as a surety for others in this state, except that the business is not required to be organized under the laws of this state.

(2) BAIL BOND SURETY AGENTS. The department shall grant a license as a bail bond surety agent to a person if all of the following apply:

(a) The person submits an application to the department on a form provided by the department.

(b) The person pays the initial credential fee of \$1,000.

(c) The person submits, in addition to any other information required by the department, evidence satisfactory to the department that the person is an agent of a licensed bail bond surety corporation.

(3) LIST OF BAIL BOND SURETY CORPORATIONS AND AGENTS. Annually, the department shall provide a list of all licensed bail bond surety corporations and agents to the clerk of circuit court in each county.

440.9994 Renewal. **(1) RENEWAL DATES.** The renewal dates for licenses granted under this subchapter are specified in s. 440.08 (2) (a) 15g. and 15r. Renewal applications shall be submitted to the department on a form provided by the department and shall include an annual renewal fee of \$1,000.

(2) LICENSURE RENEWAL FOR BAIL BOND SURETY CORPORATIONS. In addition to any other information required by the department, a licensed bail bond surety corporation shall submit with its renewal application evidence satisfactory to the department, including financial information, that the bail bond surety corporation continues to be, at the time the surety corporation applies for renewal, a business that is qualified to act as a surety for others in this state.

(3) LICENSURE RENEWAL FOR BAIL BOND SURETY AGENTS. In addition to any other information required by the department, a licensed bail bond surety agent shall submit with its renewal application evidence satisfactory to the department that the bail bond surety agent, at the time the surety agent applies for renewal, is an agent of a licensed bail bond surety corporation in good standing with the department.

440.9995 Rules. The department shall promulgate rules necessary to administer this subchapter, including rules of conduct by bail bond surety corporations and agents.

440.9996 Disciplinary proceedings and actions. **(1) INVESTIGATIONS AND HEARINGS.** Subject to the rules promulgated under s. 440.03 (1), the department may conduct investigations and hearings to determine

whether a violation of this subchapter, any rule promulgated under this subchapter, or any other law applicable to bail bond surety corporations or agents, including ch. 969, has occurred.

(2) PENALTIES. (a) Subject to the rules promulgated under s. 440.03 (1), the department may reprimand a bail bond surety corporation or agent or deny, limit, suspend, or revoke a license granted under this subchapter if the department finds that an applicant for licensure under this subchapter, a licensed bail bond surety corporation, or a licensed bail bond surety agent, has done any of the following:

1. Intentionally made a material misstatement in an application for a license or for renewal of a license.

2. Advertised in a manner that is false or misleading.

3. In the course of acting as a bail bond surety corporation or agent, made a substantial misrepresentation that was relied upon by another person.

4. Obtained or attempted to obtain compensation through fraud or deceit.

5. Violated any law of this state or federal law that substantially relates to acting as a surety for others or acting as a bail bond surety corporation or agent, violated this subchapter, or violated any rule promulgated under this subchapter.

6. Engaged in unprofessional conduct.

(b) In addition to or in lieu of a reprimand or other action under par. (a), the department may by rule establish other penalties, including forfeiture, for violations under par. (a).

SECTION 3541g. 969.12 (1) of the statutes is repealed.

SECTION 3541r. 969.12 (2) of the statutes is amended to read:

969.12 (2) A surety under this chapter shall be a natural person, ~~except who is a resident of this state,~~ a surety under s. 345.61, ~~or a surety corporation or its agent that is licensed under s. 440.9993.~~ No natural person or surety under this chapter under s. 345.61 may be compensated for acting as such a surety. A surety corporation or its agent that is licensed under s. 440.9993 shall be compensated at a rate of 10 percent of the amount of the bond set.

SECTION 9140. Nonstatutory provisions; Regulation and Licensing.

(5c) BAIL BOND SURETY CORPORATION AND AGENT LICENSING; RULES. Using the procedure under section 227.24 of the statutes, the department of safety and professional services shall promulgate rules required under section 440.9995 of the statutes, as created by this act, for the period before the effective date of the permanent rules promulgated under section 440.9995 of the statutes, as created by this act, but not to exceed the period authorized under section 227.24 (1) (c), subject to extension under section 227.24 (2) of the statutes. Notwithstanding section 227.24 (1) (a), (2) (b), and (3) of

**Vetoed
In Part**

**Vetoed
In Part**

**Vetoed
In Part**

**Vetoed
In Part**

the statutes, the department of safety and professional services is not required to provide evidence that promulgating a rule under this subsection as an emergency rule is necessary for the preservation of

public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this subsection.

**Vetoed
In Part**

D-33. Unclassified Bureau Director Position Authority

Governor's written objections

Section 2760

This section reduces the number of unclassified bureau director positions allocated at the Department of Safety and Professional Services from not more than five to not more than two positions.

I am partially vetoing this section because I object to reducing the current number of unclassified bureau directors in the department. While the veto will permit the department to have up to five unclassified bureau director positions, I am directing the department to maintain the current staffing of three unclassified bureau directors and to remain within their current position authorization level.

Cited segments of 2011 Assembly Bill 40:

SECTION 2760. 230.08 (2) (v) of the statutes is amended to read:
230.08 (2) (v) Not more than 5 bureau directors in

the department of ~~regulation and licensing~~ safety and professional services.

**Vetoed
In Part**

VETERANS AFFAIRS

D-34. Chippewa Falls Veterans Home Cost-Benefit Analysis

Governor's written objections

Sections 234 and 9101 (2u)

These sections require the Department of Administration to conduct a cost-benefit analysis on the initial contract for the operation and staffing of the Veterans Home at Chippewa Falls and to submit the results to the Joint Committee on Finance by February 1, 2012, or before the Department of Veterans Affairs enters into a contract for the operation of the home. Further, the Department of Veterans Affairs is exempted from the current law requirement to conduct a cost-benefit analysis meeting the same criteria prior to entering into the contract.

I am vetoing section 234 because I object to exempting the Department of Veterans Affairs from the requirement to conduct a cost-benefit analysis prior to contracting for the operation of the home. Further, I am partially vetoing section 9101 (2u) requiring the Department of Administration to conduct a similar cost-benefit analysis because this requirement is unnecessary and duplicative of the Department of Veterans Affairs analysis.

Cited segments of 2011 Assembly Bill 40:

SECTION 234. 16.705 (1p) of the statutes is created to read:

16.705 (1p) Subsection (1) does not apply to an agreement entered into by the department of veterans affairs under s. 45.50 (2m) (c).

**Vetoed
In Part**

**Vetoed
In Part**

Vetoed
In Part
Vetoed
In Part

SECTION 9101. Nonstatutory provisions; Administration.

(2u) COST-BENEFIT ANALYSIS FOR VETERANS HOME AT CHIPPEWA FALLS. Notwithstanding section 16.705 (1p) of the statutes, as created by this act, the department of administration shall conduct a cost-benefit analysis on the initial contract for the operation and staffing of the Veterans Home at Chippewa Falls as provided by section 45.50 (2m) (c) of the statutes, as created by this act. The analysis shall be a comprehensive study to identify and compare the total cost, quality, technical expertise, and timeliness of a service performed by state employees and

resources with the total cost, quality, technical expertise, and timeliness of the same service obtained by means of a contract for contractual services. The department of administration shall submit the results of the cost-benefit analysis to the joint committee on finance by February 1, 2012, or before the department of veterans affairs enters into the initial contract for the operation and staffing of the home, whichever occurs first. The contract entered into must contain a performance guarantee requirement that states that, during the contract period, the Wisconsin Veterans Home at Chippewa Falls must maintain an overall star rating that is at least equal to four stars.

Vetoed
In Part

D-35. Veterans Trust Fund Information

.....

Governor's written objections

Section 9153 (2j)

This section requires the Department of Veterans Affairs to submit as part of its 2013-15 biennial budget request to the Department of Administration an estimate of the amount of revenues that will be deposited into the veterans trust fund during that biennium and that the total recommendation for appropriation from the trust fund is not greater than the amount to be deposited into the fund.

I am partially vetoing this section to remove the requirement that the total recommendation for appropriation from the fund is not more than available revenue because it is overly limiting on the department. It is widely understood that the veterans trust fund is facing financial uncertainty and to place such restrictions on the department does not work toward the goal of finding reliable revenue streams while maintaining services for Wisconsin's veteran population.

.....

Cited segments of 2011 Assembly Bill 40:

SECTION 9153. Nonstatutory provisions; Veterans Affairs.

(2j) INFORMATION REGARDING VETERANS TRUST FUND. In submitting information under section 16.42 of the statutes for purposes of the 2013-15 biennial budget act, the department of veterans affairs shall include an estimate of the amount of revenues that will be deposited

into the veterans trust fund during that biennium and recommendations for amounts to be appropriated from the veterans trust fund for that biennium. The total amount that is recommended to be appropriated may not be greater than the estimate of the total amount to be deposited.

Vetoed
In Part

D-36. Military Funeral Honors Funding—Technical Veto

.....

Governor's written objections

Sections 9253 (1j) and 9453 (1j)

This provision provides \$68,900 GPR funding in the second year of the 2009-11 biennium to reimburse veterans service organizations that provide military funeral honors for veterans in this state.

I am vetoing this provision at the request of the Legislative Reference Bureau because funding for this purpose has already been addressed in 2011 Wisconsin Act 27.

Cited segments of 2011 Assembly Bill 40:

SECTION 9253. Fiscal changes; Veterans Affairs.

(1j) APPROPRIATION FOR MILITARY FUNERAL HONORS. In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of veterans affairs under section 20.485 (2) (dm) of the statutes, as affected by the acts of 2009 and 2011, the dollar amount is increased by \$68,900 for the second fiscal year of the

fiscal biennium in which this subsection takes effect for the purpose for which the appropriation is made.

SECTION 9453. Effective dates; Veterans Affairs.

(1j) FISCAL CHANGES. SECTION 9253 (1j) of this act takes effect on the day after publication or retroactively to June 30, 2011, whichever is earlier.

Vetoed
In Part

Vetoed
In Part

Vetoed
In Part

E. STATE GOVERNMENT OPERATIONS

ADMINISTRATION

E-37. Disclosure of Expenditures on Internet Web Site

Governor's written objections

Section 215m

This section requires the Department of Administration to disclose expenditures relating to state agency operations, state contracts and state grants on a searchable Internet Web site beginning July 1, 2013. Once the system is implemented, it requires agencies to submit expenditure information to the department within 60 days, and grant and contract information within 10 days. It also allows an agency to request an exemption from the requirement through the Joint Committee on Finance if the agency is upgrading its computer operations.

I am partially vetoing this section to remove specific dates and deadlines because the department must have flexibility in meeting the goal of this requirement. I am also vetoing the provision allowing agencies to request an exemption from the requirement because it is important that the reporting is complete and consistent for all agencies. I am very supportive of transparency in government and am in complete agreement with the goals of this requirement. When I was Milwaukee County Executive, our administration worked with the State of Missouri to develop a public portal for access to expenditure data. I will direct the Department of Administration secretary to work with states, such as Missouri, to expand the expenditure information available to the public through a searchable Internet Web site. I will further direct the department to immediately report monthly expenditures by state agency, funding source and appropriation through a publicly accessible Web site.

Cited segments of 2011 Assembly Bill 40:

SECTION 215m. 16.413 of the statutes is created to read:

16.413 Disclosure of expenditures relating to state agency operations and state agency contracts and grants.

(2) STATE AGENCY EXPENDITURES FOR STATE OPERATIONS. (a) Beginning on July 1, 2013, the department shall ensure that all state agency expenditures for state operations exceeding \$100, including salaries

and fringe benefits paid to state agency employees, are available for inspection on a searchable Internet Web site maintained by the department. Copies of each financial instrument relating to these expenditures, other than payments relating to state employee salaries, shall be available for inspection on the searchable Internet Web site.

(c) Beginning with expenditures made on July 1, 2013, state agencies shall provide the department with all

Vetoed
In Part

Vetoed
In Part

Vetoed In Part expenditure information required under par. (a) no later than 60 days after the expenditure is made . The department may specify the format in which state agencies provide the expenditure information.

(3) STATE AGENCY CONTRACTS AND GRANTS. (a)

Vetoed In Part Beginning on July 1, 2013, the department shall ensure that all of the following information relating to each grant made by a state agency or contract entered into by a state agency is available for inspection on a searchable Internet Web site maintained by the department:

Vetoed In Part (b) Beginning with grants made and contracts entered into by state agencies on July 1, 2013, state agencies shall provide the department with all of the information required under par. (a) no later than 10 days after the state agency makes a grant or enters into a contract . The department may specify the format in which state agencies provide the information. The department shall make the information available on the

searchable Internet Web site no later than 30 days after the state agency makes a grant or enters into a contract .

(4) If a state agency is undergoing an upgrade of its computer operations, the state agency may request an exemption from subs. (2) and (3) during the period before the completion of the upgrade by submitting a written request to the joint committee on finance. If the cochairpersons of the committee do not notify the state agency within 14 working days after the date of the agency's submittal that the committee intends to schedule a meeting to review the request, approval of the request is granted. If, within 14 working days after the date of the state agency's request submittal, the cochairpersons of the committee notify the agency that the committee intends to schedule a meeting to review the request, the request may be granted only as approved by the committee.

Vetoed In Part
Vetoed In Part

E-38. Base Budget Review

Governor's written objections

Sections 218d and 218e

This provision requires one-third of state agencies in each biennium to report an accounting of all expenditures by categories established by the Department of Administration for the prior three fiscal years and the last quarter of the prior three fiscal years. Reports would be due by September 15 and would be included in the agency budget submissions and incorporated in the compiled budget report due November 20 of each even-numbered year.

I am vetoing this provision in its entirety because it is unnecessary. I support the goal of increased transparency and accountability of state government through reporting. This requirement will be met through other reporting requirements in the bill and my directive to the department to immediately report monthly expenditures by state agency, funding source and appropriation through a publicly accessible Web site.

Cited segments of 2011 Assembly Bill 40:

Vetoed In Part SECTION 218d. 16.42 (1) (f) of the statutes is created to read:

16.42 (1) (f) The information required under s. 16.423.

SECTION 218e. 16.423 of the statutes is created to read:

16.423 Base budget review reports. (1) In this section, "state agency" has the meaning given in s. 20.001 (1).

(2) (a) During the 2011-13 fiscal biennium, the secretary shall require that one-third of all state agencies submit a report no later than September 15, 2012, and every 3rd fiscal biennium thereafter, that contains the information specified in sub. (3).

(b) During the 2013-15 fiscal biennium, the secretary shall require that 50 percent of the state agencies that did not submit a report under par. (a) submit a report no later than September 15, 2014, and every 3rd fiscal biennium thereafter, that contains the information specified in sub. (3).

(c) During the 2015-17 fiscal biennium, the secretary shall require that all state agencies created on or before September 15, 2016, that did not submit a report under par. (a) or (b) submit a report no later than September 15, 2016, and every 3rd fiscal biennium thereafter, that contains the information specified in sub. (3).

Vetoed In Part

**Vetoed
In Part**

(d) Beginning in the 2015-17 fiscal biennium, the secretary shall require that any state agency created after September 15, 2016, submit a report no later than the September 15 in the even-numbered year that first occurs after the state agency is created, and every 3rd fiscal biennium thereafter, that contains the information specified in sub. (3).

(3) A report submitted under this section shall contain at least all of the following:

(a) A description of each programmatic activity of the state agency.

(b) For each programmatic activity of the state agency, an accounting of all expenditures, arranged by revenue source and the categories specified in sub. (4), in

each of the prior 3 fiscal years.

(c) For each programmatic activity of the state agency, an accounting of all expenditures, arranged by revenue source and the categories specified in sub. (4), in the last 2 quarters in each of the prior 3 fiscal years.

(4) The secretary shall develop categories for state agencies to use for the purpose of organizing the expenditure information that is required under sub. (3) (b) and (c).

(5) Notwithstanding sub. (4), once a state agency has used a certain format for its report, the state agency shall use that format for all future reports submitted under this section.

**Vetoed
In Part**

E-39. Report on Surplus Positions

Governor's written objections

Section 218h

This section requires the Department of Administration secretary to report quarterly to the Joint Committee on Finance: (a) the base number of existing surplus positions in each agency, (b) the number of surplus positions each agency has created, and (c) the amounts spent on surplus positions.

I am vetoing this section because it is duplicative of information already provided and that will be available through the Web site the department will create under other provisions in the bill. Currently, the department reports quarterly on surplus position creations and deletions. With the creation of the Web site for information on state agency expenditures, contracts and grants, actual expenditures, including salary and fringe benefits paid to state employees, will be available on a real time basis. Any additional information regarding surplus positions can be provided on an ad hoc basis, but providing it quarterly is unnecessary.

Cited segments of 2011 Assembly Bill 40:

**Vetoed
In Part**

SECTION 218h. 16.50 (3) (f) of the statutes is amended to read:

16.50 (3) (f) At the request of the director of the office of state employment relations, the secretary of administration may authorize the temporary creation of pool or surplus positions under any source of funds if the director determines that temporary positions are necessary to maintain adequate staffing levels for high turnover classifications, in anticipation of attrition, to fill

positions for which recruitment is difficult. ~~Surplus or pool positions authorized by the secretary shall be reported~~ The secretary of administration shall report quarterly to the joint committee on finance, in conjunction with the report required under s. 16.54 (8), the base number of existing surplus positions in each agency, the number of surplus positions each agency has created, and the amounts spent on surplus positions.

**Vetoed
In Part**

E-40. Procurement Bid Threshold

Governor's written objections

Sections 246g, 248g, 9301 (3f), and 9452 (1d) [as it relates to ss. 16.75 (1) (b) and (b) 2. and (2m) (b) and (b) 2. and 9301 (3f)]

These sections increase the dollar threshold requiring bids or competitive sealed proposals for procurements made by the Board of Regents of the University of Wisconsin System or the University of Wisconsin-Madison to \$50,000, effective July 1, 2013.

I am partially vetoing these sections to remove the language specific to the University of Wisconsin and the delayed effective date because I object to limiting this higher threshold to the University of Wisconsin System and the University of Wisconsin-Madison and delaying the effective date of this change. My budget recommendations to the Legislature in March included this change in the bid threshold for all agencies. With this veto, my original intent to provide all state agencies with the flexibility for more efficient and cost-effective procurement of goods and services will be met immediately.

Cited segments of 2011 Assembly Bill 40:

SECTION 246g. 16.75 (1) (b) 2. of the statutes is created to read:

Vetoed In Part 16.75 (1) (b) 2. If the Board of Regents of the University of Wisconsin System or the University of Wisconsin-Madison is making the purchase, bids are not required if the estimated cost does not exceed \$50,000.

SECTION 248g. 16.75 (2m) (b) 2. of the statutes is created to read:

Vetoed In Part 16.75 (2m) (b) 2. If the Board of Regents of the University of Wisconsin System or the University of Wisconsin-Madison is making the purchase, competitive sealed proposals are not required if the estimated cost does not exceed \$50,000.

SECTION 9301. Initial applicability; Administration.

Vetoed In Part (3f) BIDDING THRESHOLD FOR UNIVERSITY OF WISCONSIN SYSTEM. The renumbering of section 16.75 (1) (b) and (2m) (b) of the statutes and the creation of section 16.75 (1) (b) 2. and (2m) (b) 2. of the statutes first applies with respect to bids or proposals solicited on the effective date of this subsection.

SECTION 9452. Effective dates; University of Wisconsin System.

(1d) UNIVERSITY OF WISCONSIN. The treatment of sections 16.705 (1r) (d) and (e), (2), (3) (intro.), and (8) (intro.), 16.71 (1m) (by SECTION 241f) and (4), 16.72 (8), 16.73 (5), 16.78 (1), 16.993 (7), 19.42 (13) (b), (c), and (cm), 19.45 (11) (a) and (b), 20.865 (1) (c), (ci), (i), (ic), (s), and (si), 20.916 (10), 20.923 (4g), (5), (6) (Lm) and (m), (14) (b), (15) (b), and (16), 36.09 (1) (e), (i), (j), and (k), 36.15 (2), 36.30, 36.52, 40.02 (30), 111.335 (1) (cv), 111.81 (7) (ar) and (at), 111.815 (1) and (2), 111.825 (1r), (1t), (2) (a), (b), (c), (f), (g), (h), and (i), (3), (3m), (4), (6), and (7), 111.83 (5) (a), (b), and (c), 111.84 (2) (c), 111.91 (4), 111.93 (2) and (3), 111.935 (2), 230.01 (1), 230.03 (3), (6), (6m), (10h), and (13), 230.08 (2) (cm), (d), (dm), and (k), 230.10 (2), 230.12 (1) (a) 1. b. and (3) (e) (title) and 1., and 230.34 (1) (ar) of the statutes, the repeal of sections 36.58 (5) and 230.143 (1) and (2) of the statutes, the renumbering of sections 111.83 (7) and 111.85 (5) of the statutes, the renumbering and amendment of sections 16.417 (2) (f), 16.75 (1) (b) and (2m) (b), 111.92 (1) (a), and 230.143 (intro.) of the statutes, the creation of sections 16.417 (2) (f) 2., 16.75 (1) (b) 2. and (2m) (b) 2., 111.83 (7) (b), 111.85 (5) (b), and 111.92 (1) (a) 2. and 3. of the statutes, and SECTIONS 9152 (1c) and 9301 (3f) of this act take effect on July 1, 2013.

Vetoed In Part
Vetoed In Part
Vetoed In Part
Vetoed In Part

E-41. Build and Lease Back Program

Governor's written objections

Section 9101 (5q)

This provision directs the Department of Administration to explore the feasibility of instituting a program for private construction of buildings for the purpose of leasing those buildings to the state. The study results would be submitted to the Joint Committee on Finance by December 1, 2011.

I am vetoing this provision because it would be duplicative of existing practices. The department, through the State Building Commission, already engages with private contractors to construct buildings with lease/purchase agreements for state government operations.

Cited segments of 2011 Assembly Bill 40:

SECTION 9101. Nonstatutory provisions; Administration.

buildings for the purpose of leasing those buildings to the state. The department shall report its findings and recommendations to the members of the joint committee on finance no later than December 1, 2011.

**Vetoed
In Part**

**Vetoed
In Part**

(5q) STATE BUILDING AND LEASE BACK STUDY. The department of administration shall study the feasibility of instituting a program for private construction of

E-42. Energy Efficiency Heating, Ventilating and Air Conditioning Systems Study

Governor's written objections

Section 9101 (1u)

This provision directs the Department of Administration to conduct a study on the feasibility of installing energy efficient systems in state buildings and to submit the study results to the Joint Committee on Finance by December 1, 2011.

I am vetoing this provision because it is unnecessary. The Division of State Facilities in the department is already responsible for addressing energy efficiency in state buildings. The department is working with the State Building Commission to continually improve energy efficiency throughout state-owned facilities.

Cited segments of 2011 Assembly Bill 40:

SECTION 9101. Nonstatutory provisions; Administration.

conditioning systems in state-owned buildings to conserve energy and save money. The department shall report its findings and recommendations to the members of the joint committee on finance no later than December 1, 2011.

**Vetoed
In Part**

**Vetoed
In Part**

(1u) ENERGY EFFICIENCY STUDY OF STATE-OWNED BUILDINGS. The department of administration shall conduct a study concerning the feasibility of installing energy-efficient heating, ventilating, and air

F. TAX, TRANSPORTATION AND OPERATIONS

REVENUE

F-43. Weight-Based Taxation for Moist Snuff Tobacco Products

Governor's written objections

Sections 2637n, 2637p and 9441 (3u)

These sections convert the tax on moist snuff tobacco products from an ad valorem tax equal to 100 percent of the manufacturer's list price to a rate of \$1.76 per ounce and at an equivalent rate for any fractional part in excess of 1.2 ounces. These sections also specify that the tax on a can or package of moist snuff weighing less than 1.2 ounces shall be equal to the tax on a can or package weighing 1.2 ounces. The weight-based tax would take effect on January 1, 2012.

I am vetoing these sections because it may encourage the use of these products by children. Wisconsin's current ad valorem tax on moist snuff tobacco products maintains a level playing field and minimizes the attractiveness to youth, helping to improve public health.

Cited segments of 2011 Assembly Bill 40:

Vetoed
In Part

SECTION 2637n. 139.76 (1) of the statutes is amended to read:

139.76 (1) An excise tax is imposed upon the sale, offering or exposing for sale, possession with intent to sell or removal for consumption or sale or other disposition for any purpose of tobacco products by any person engaged as a distributor of them at the rate, for tobacco products, not including moist snuff, of 71 percent of the manufacturer's established list price to distributors without diminution by volume or other discounts on domestic products and, for moist snuff, at the rate of 100 percent of the manufacturer's established list price to distributors without diminution by volume or other discounts on domestic products \$1.76 per ounce, and at a proportionate rate for any other quantity or fractional part in excess of 1.2 ounces. The tax imposed on a can or package of moist snuff that weighs less than 1.2 ounces shall be equal to the amount of the tax imposed on a can or package that weighs 1.2 ounces. The tax imposed under this subsection on cigars shall not exceed an amount equal to 50 cents for each cigar. On products imported from another country, not including moist snuff, the rate of tax is 71 percent of the amount obtained by adding the manufacturer's list price to the federal tax, duties and transportation costs to the United States. On moist snuff imported from another country, the rate of the tax is 100 percent of the amount obtained by adding the manufacturer's list price to the federal tax, duties, and transportation costs to the United States. The tax attaches at the time the tobacco products are received by the

distributor in this state. The tax shall be passed on to the ultimate consumer of the tobacco products. All tobacco products received in this state for sale or distribution within this state, except tobacco products actually sold as provided in sub. (2), shall be subject to such tax.

Vetoed
In Part

SECTION 2637p. 139.78 (1) of the statutes is amended to read:

139.78 (1) A tax is imposed upon the use or storage by consumers of tobacco products in this state at the rate, for tobacco products, not including moist snuff, of 71 percent of the cost of the tobacco products and, for moist snuff, at the rate of 100 percent of the manufacturer's established list price to distributors without diminution by volume or other discounts on domestic products \$1.76 per ounce, and at a proportionate rate for any other quantity or fractional part in excess of 1.2 ounces. The tax imposed on a can or package of moist snuff that weighs less than 1.2 ounces shall be equal to the amount of the tax imposed on a can or package that weighs 1.2 ounces. The tax imposed under this subsection on cigars shall not exceed an amount equal to 50 cents for each cigar. The tax does not apply if the tax imposed by s. 139.76 (1) on the tobacco products has been paid or if the tobacco products are exempt from the tobacco products tax under s. 139.76 (2).

SECTION 9441. Effective dates; Revenue.

(3u) MOIST SNUFF. The treatment of sections 139.76 (1) and 139.78 (1) of the statutes takes effect on January 1, 2012.

Vetoed
In Part

F-44. Sharing of Loss Carry-Forwards under the Corporate Income and Franchise Tax Incurred Before 2009

Governor's written objections

Section 1894d

This section allows combined groups under the provisions of the corporate income and franchise tax to share net business loss carry-forwards that were incurred by group members prior to January 1, 2009. Beginning with the first tax year beginning after December 31, 2011, and each of the 19 subsequent tax years, a corporation that is a member of a combined group and had business loss carry-forwards incurred prior to January 1, 2009, may use up to 5 percent of its remaining business loss carry-forwards to proportionally offset the net income of other members of the combined group, to the extent such income is attributable to the unitary business. If the full 5 percent of the loss carry-forwards cannot be fully utilized in a given tax year, the remainder may be added in a subsequent tax year to the portion of loss carry-forwards that may offset group members' income in that year. A member of a combined group can continue to utilize its loss carry-forward until its loss carry-forward is completely used or expired except that pre-2009 loss carry-forwards may not be used in any taxable year that begins after December 31, 2031.

I am partially vetoing this section to remove the word "remaining" as it relates to the eligible loss carry-forwards that can be shared by a combined group member because the language in the bill is not consistent with the intent. The intent

of this provision is to allow a business to use the full amount of the pre-2009 loss carry-forward over a period of 20 years, or until that group member's loss carry-forward is completely used or expired. The remaining amount of pre-2009 loss carry-forward will decrease each year, and because the percentage would be calculated on this decreasing amount, the business would never be able to share the full amount of its losses.

Cited segments of 2011 Assembly Bill 40:

SECTION 1894d. 71.255 (6) (bm) of the statutes is created to read:

71.255 (6) (bm)

2. Starting with the first taxable year beginning after December 31, 2011, and for each of the 19 subsequent taxable years, and subject to the limitations provided under s. 71.26 (3) (n), for each taxable year that a corporation that is a member of a combined group has pre-2009 net business loss carry-forward, the corporation may, after using the pre-2009 net business loss carry-forward to offset its own income for the taxable year, and after using shareable losses to offset its own income for the taxable year, as provided under par. (b) 1., use up to 5 percent of the remaining pre-2009 net

business loss carry-forward, until used or expired, to offset the Wisconsin income of all other members of the combined group on a proportionate basis, to the extent such income is attributable to the unitary business. If the full 5 percent of such pre-2009 net business loss carry-forward cannot be fully used to offset the Wisconsin income of all other members of the combined group, the remainder may be added to the portion that may offset the Wisconsin income of all other members of the combined group in a subsequent year, until it is completely used or expired, except that unused pre-2009 net business loss carry-forwards may not be used in any taxable year that begins after December 31, 2031.

**Vetoed
In Part**

F-45. County and Municipal Levy Limits

Governor's written objections

Sections 1722b, 1722c and 1722d

Section 1722b changes the current law valuation factor percentage for use in setting county and municipal operating levies from the greater of 3 percent or the percentage change in equalized value due to net new construction to the greater of the percentage change in equalized value due to net new construction or one of two minimum valuation factors depending on the property tax year. Section 1722c establishes a 0 percent minimum valuation factor for levies set in 2011 and 2012. Section 1722d establishes the minimum valuation factor at 1.5 percent for levies set in 2013 and all subsequent years.

I am vetoing section 1722d and partially vetoing sections 1722b and 1722c to remove the scheduled increase in the minimum valuation factor for property tax years beginning after 2012 because I object to creating an automatic increase in the minimum valuation factor without knowledge of conditions in future years for taxpayers, counties and municipalities. The ongoing minimum valuation factor would continue to be 0 percent as a result of these vetoes. While these vetoes do not sunset the county and municipal levy limits for property tax years after 2012, it is my intention that the structure of county and municipal levy limits should be revisited in each budget in conjunction with state aid policies as well as current and projected economic conditions for taxpayers, counties and municipalities. I remain committed to protecting property taxpayers through strong property tax levy controls for counties, municipalities, school districts and technical college districts.

Cited segments of 2011 Assembly Bill 40:

SECTION 1722b. 66.0602 (1) (d) of the statutes is renumbered 66.0602 (1) (d) (intro.) and amended to read:

66.0602 (1) (d) (intro.) "Valuation factor" means a percentage equal to the greater of either 3 percent or the percentage change in the political subdivision's January

1 equalized value due to new construction less improvements removed between the previous year and the current year, or one of the following:

SECTION 1722c. 66.0602 (1) (d) 1. of the statutes is created to read:

**Vetoed
In Part**

Vetoed In Part 66.0602 (1) (d) 1. For the levy that is imposed in December 2011 and December 2012, zero percent.
Vetoed In Part SECTION 1722d. 66.0602 (1) (d) 2. of the statutes is created to read:

66.0602 (1) (d) 2. For the levy that is imposed in December 2013 and in every succeeding December, 1.5 percent.

Vetoed In Part

F-46. Property Tax Exemption for Certain University of Wisconsin-Madison Student Housing Facilities

Governor’s written objections

Sections 1747n, 1748d, 9341 (4d) and 9441 (4d)

These sections repeal the property tax exemption for real and personal property of a housing facility that: is owned by a nonprofit organization; 90 percent of its residents are University of Wisconsin-Madison students; there are no more than 300 students living at the facility; and the facility offers support services and outreach programs to its residents, the public or private institution of higher education at which the student residents are enrolled, and the public.

I am vetoing these sections because the repeal of the property tax exemption for these student housing facilities would place a substantial financial burden on current and potential future student housing facilities at the University of Wisconsin-Madison that provide unique services to students attending the university, including scholarships for residents, student worship groups, and volunteer services not available at university or commercial student housing facilities.

Cited segments of 2011 Assembly Bill 40:

Vetoed In Part SECTION 1747n. 70.11 (intro.) of the statutes is amended to read:

70.11 Property exempted from taxation. (intro.) The property described in this section is exempted from general property taxes if the property is exempt under sub. (1), (2), (18), (21), (27) or (30); if it was exempt for the previous year and its use, occupancy or ownership did not change in a way that makes it taxable; if the property was taxable for the previous year, the use, occupancy or ownership of the property changed in a way that makes it exempt and its owner, on or before March 1, files with the assessor of the taxation district where the property is located a form that the department of revenue prescribes or if the property did not exist in the previous year and its owner, on or before March 1, files with the assessor of the taxation district where the property is located a form that the department of revenue prescribes. Except as provided in subs. ~~(3m) (e)~~, (4) (b), (4a) (f), and (4d), leasing a part of the property described in this section

does not render it taxable if the lessor uses all of the leasehold income for maintenance of the leased property or construction debt retirement of the leased property, or both, and, except for residential housing, if the lessee would be exempt from taxation under this chapter if it owned the property. Any lessor who claims that leased property is exempt from taxation under this chapter shall, upon request by the tax assessor, provide records relating to the lessor’s use of the income from the leased property. Property exempted from general property taxes is:

Vetoed In Part

SECTION 1748d. 70.11 (3m) of the statutes is repealed.

Vetoed In Part

SECTION 9341. **Initial applicability; Revenue.** (4d) STUDENT HOUSING FACILITIES PROPERTY TAX EXEMPTION. The treatment of section 70.11 (intro.) and (3m) of the statutes first applies to the property tax assessments as of January 1, 2013.

Vetoed In Part

SECTION 9441. **Effective dates; Revenue.**

Vetoed In Part (4d) STUDENT HOUSING FACILITIES PROPERTY TAX EXEMPTION. The treatment of section 70.11 (intro.) and (3m) of the statutes takes effect on January 1, 2013.

TRANSPORTATION

F-47. County Highway Department Funding

Governor's written objections

Section 2221i

Section 2221i requires the Department of Transportation to work cooperatively with county highway departments to determine an appropriate level of state work sufficient to fully utilize the manpower and equipment needed for winter maintenance, and to submit, with each biennial budget request, a funding proposal for maintenance activities performed by counties that is no less than the base amount appropriated plus an inflationary factor, if the department determines that funding for county maintenance activities is inadequate.

I am partially vetoing this section to remove the requirement that the department submit budget requests that include funding equal to the amount appropriated in the base year plus an inflationary factor, for maintenance activities performed by counties, if the department determines that funding for county maintenance activities is inadequate. I am partially vetoing this section because funding amounts included in budget requests should be determined by available revenue and transportation priorities.

Cited segments of 2011 Assembly Bill 40:

SECTION 2221i. 84.07 (5) of the statutes is created to read:

Vetoed In Part

84.07 (5) COUNTY HIGHWAY DEPARTMENT MAINTENANCE CAPACITY AND FUNDING. (a) The department shall work cooperatively with county highway departments to determine an appropriate level of state work sufficient to fully utilize manpower and equipment needed for winter maintenance.

Vetoed In Part

(b) Notwithstanding s. 16.42 (1) (e), in submitting

information under s. 16.42 for purposes of each biennial budget bill, if the department determines that funding for counties to perform needed maintenance activities is inadequate, the department shall include a funding proposal for maintenance activities performed by counties that is no less than the amount appropriated and allocated for this purpose for the second fiscal year of the fiscal biennium in which the information is submitted and that also includes an inflationary adjustment.

Vetoed In Part

F-48. Department of Transportation 10-year Financing Plans

Governor's written objections

Section 2200m

Section 2200m requires the Department of Transportation to submit, with each biennial budget, a 10-year plan outlining transportation revenue estimates, proposed bonding and debt service.

I am partially vetoing this section to remove the requirement that the department submit this plan with each biennial budget, because requiring the department to repeat the plan every two years prevents implementation of any recommendations from the plan on a long-term basis. Long-term transportation finance planning is a valuable activity, at less frequent intervals than this section requires.

Cited segments of 2011 Assembly Bill 40:

SECTION 2200m. 84.01 (18) of the statutes is created to read:

**Vetoed
In Part**

84.01 (18) PLAN FOR TRANSPORTATION FINANCING FOR NEXT 10 YEARS. In each even-numbered year, with the information submitted by the department under s. 16.42 (1), the department shall submit a 10-year plan that includes an estimate of total transportation fund revenues, proposed bonding, and estimated debt service for each year of the 10-year period covered by the plan.

The plan shall include various scenarios with different levels of transportation spending, from bond or cash sources, and different levels of revenues, with at least one scenario resulting in achieving a stable debt service percentage by the end of the 10-year period. For any scenario resulting in an increasing debt service percentage, the plan shall identify the potential consequences for specific transportation programs of reduced net revenues.

F-49. Southeast Wisconsin Freeway Megaprojects

Governor's written objections

Sections 9148 (7f) and 9148 (8f) (b)

Section 9148 (7f) requires the Department of Transportation to determine, by July 1, 2011, the portion of unencumbered funds in the department's expiring southeast Wisconsin freeway rehabilitation appropriations that are designated for southeast Wisconsin freeway megaprojects.

Section 9148 (8f) requires the department to provide the Joint Committee on Finance with a detailed project funding plan for the Zoo Interchange by December 1, 2011.

I am partially vetoing these sections to remove the dates because the department will not be able to comply with the requirements by the specified dates. Fiscal year 2010-11 expenditures and encumbrances will still be in the process of being finalized on July 1, 2011. Once expenditures and encumbrances have been finalized, the department will make the required determinations and transfers. In addition, the department has not selected a preferred design alternative for the Zoo Interchange project and will not have enough information for a detailed expenditure plan by December 1, 2011. The department will provide the Zoo Interchange plan when sufficient information is available.

Cited segments of 2011 Assembly Bill 40:

SECTION 9148. Nonstatutory provisions; Transportation.

**Vetoed
In Part**

(7f) SOUTHEAST WISCONSIN FREEWAY FUNDING. Prior to July 1, 2011, the department of transportation shall determine all of the following, calculated as of the end of fiscal year 2010-11, based upon the portion of unencumbered funds for the department's southeast Wisconsin freeway rehabilitation program that are

associated with projects that will become part of the department's southeast Wisconsin freeway megaproject program:

(8f) ZOO INTERCHANGE PROJECT REPORT.

(b) No later than December 1, 2011, the department of transportation shall submit a report to the joint committee on finance that does all of the following:

**Vetoed
In Part**

F-50. Astronautics Funding

Governor's written objections

Section 373 [as it relates to s. 20.395 (2) (mq)]

Section 373 [as it relates to s. 20.395 (2) (mq)] provides \$10,000 SEG in fiscal year 2011-12 to the Wisconsin Aerospace Authority for Web site design.

I am partially vetoing section 373 [as it relates to s. 20.395 (2) (mq)] to reduce funding for this appropriation to \$0 in fiscal year 2011-12 because I object to earmarking these funds. By lining out s. 20.395 (2) (mq) and writing in \$0, I am vetoing the part of the bill that funds this provision. I am also requesting the Department of Administration secretary not to allot these funds.

.....
Cited segments of 2011 Assembly Bill 40:

SECTION 373. 20.005 (3) of the statutes is repealed and recreated to read:

STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2011-12	2012-13	
20.395 Department of Transportation					
(2) LOCAL TRANSPORTATION ASSISTANCE					
(mq) Astronautics assistance, state funds	SEG	C	10,000	-0-	Vetoed In Part



TABLE OF CONTENTS

	<i>Page</i>
A. AGRICULTURE, ENVIRONMENT AND JUSTICE	11
AGRICULTURE, TRADE AND CONSUMER PROTECTION	11
A-1. Agricultural Chemical Funds Report	11
A-2. Grain Inspection Program Report	11
CORRECTIONS	12
A-3. Inmate Litigation Loans	12
A-4. Nursing Services Report	12
DISTRICT ATTORNEYS AND OFFICE OF STATE EMPLOYMENT RELATIONS	13
A-5. Pay Progression for Certain Attorneys	13
NATURAL RESOURCES	14
A-6. Brownfield Site Assessment Grants	14
A-7. Economic Impact Analysis	15
OFFICE OF JUSTICE ASSISTANCE	16
A-8. Report on Drug Offender Diversion Surcharge Fund	16
A-9. Repeal of Traffic Stop Data Collection Requirements	16
SUPREME COURT	17
A-10. Judicial Compensation Commission	17
B. EDUCATION, CHILDREN AND FAMILIES	18
CHILDREN AND FAMILIES	18
B-11. Transitional Jobs Demonstration Project	18
B-12. Local Child Support Enforcement	19
B-13. Fingerprinting for Child Care Providers	19
B-14. Rules Related to Child Care Subsidies for Children of Child Care Providers	20
B-15. Child Care State Administration and Licensing	21
PUBLIC INSTRUCTION	21
B-16. Submission of Data for Choice Program Eligibility Determinations	21
UNIVERSITY OF WISCONSIN SYSTEM	23
B-17. Approval for University of Wisconsin-Madison Employment Plans	23
B-18. Annual Reporting of Contractual Service Procurements	24
B-19. Joint Committee on Finance Authority to Postpone Telecommunications Services Prohibition ...	25
B-20. Review of Position Titles and Classifications	25
B-21. Technical Correction to "Academic Faculty"	26
C. GENERAL GOVERNMENT AND ECONOMIC DEVELOPMENT	27
EMPLOYMENT RELATIONS COMMISSION	27
C-22. Include Certain Emergency Medical Service Providers in the 2011 Wisconsin Act 10 Collective Bargaining Exemptions	27
C-23. Modify Pay Provisions for City of Milwaukee Discharged or Suspended Police Officers	27
EMPLOYEE TRUST FUNDS	28
C-24. Required Minimum Annual Contributions by Local Governmental Units to a Retirement System	28
C-25. Wisconsin Retirement System Vesting Requirements	29
C-26. Study of Group Insurance Board Health Insurance Options	30
C-27. Payment of Employee-Required Contributions—Initial Applicability	30

	<i>Page</i>
GOVERNMENT ACCOUNTABILITY BOARD	31
C-28. Statements of Economic Interest	31
D. HEALTH SERVICES AND INSURANCE	32
HEALTH SERVICES	32
D-29. Family Care Cost-Effectiveness Study	32
D-30. Medicaid Family Planning Waiver Services	32
D-31. Study on the Purchase of Generic Drugs for Medical Assistance	33
SAFETY AND PROFESSIONAL SERVICES	34
D-32. Bail Bond Surety Licensing	34
D-33. Unclassified Bureau Director Position Authority	36
VETERANS AFFAIRS	36
D-34. Chippewa Falls Veterans Home Cost-Benefit Analysis	36
D-35. Veterans Trust Fund Information	37
D-36. Military Funeral Honors Funding—Technical Veto	37
E. STATE GOVERNMENT OPERATIONS	38
ADMINISTRATION	38
E-37. Disclosure of Expenditures on Internet Web Site	38
E-38. Base Budget Review	39
E-39. Report on Surplus Positions	40
E-40. Procurement Bid Threshold	40
E-41. Build and Lease Back Program	41
E-42. Energy Efficiency Heating, Ventilating and Air Conditioning Systems Study	42
F. TAX, TRANSPORTATION AND OPERATIONS	42
REVENUE	42
F-43. Weight-Based Taxation for Moist Snuff Tobacco Products	42
F-44. Sharing of Loss Carry-Forwards under the Corporate Income and Franchise Tax Incurred Before 2009	43
F-45. County and Municipal Levy Limits	44
F-46. Property Tax Exemption for Certain University of Wisconsin-Madison Student Housing Facilities	45
TRANSPORTATION	46
F-47. County Highway Department Funding	46
F-48. Department of Transportation 10-year Financing Plans	46
F-49. Southeast Wisconsin Freeway Megaprojects	47
F-50. Astronautics Funding	47