



Wisconsin Briefs

Legislative
from the Reference
Bureau

Brief 85-4

August 1985

EXECUTIVE PARTIAL VETO OF 1985 ASSEMBLY BILL 85 Executive Budget Bill Passed by the 1985 Wisconsin Legislature (1985 Wisconsin Act 29)

INTRODUCTION

This brief contains the veto message of Governor Anthony S. Earl for the partial veto of 1985 Assembly Bill 85 (1985 Wisconsin Act 29), the "Executive Budget Bill" passed by the 1985 Wisconsin Legislature. Later *Wisconsin Briefs* will contain the veto messages of any additional gubernatorial partial vetoes or vetoes.

Status of Legislation

During the 1985 Legislative Session (regular and special) from January 7, 1985 through July 20, 1985, there were 674 bills (268 Senate and 406 Assembly bills) introduced, of which 35 bills were passed by both houses. Through July 20, 1985, Governor Earl has taken action on 29 bills, approving 29 (including the partial veto of 1 bill: Assembly Bill 85). Gubernatorial action is pending on 6 bills: Senate Bills 17 and 85; and Assembly Bills 8, 78, 185 and 207.

Veto Brief Format

For this brief, the format provides:

- (1) The legislative action for 1985 Assembly Bill 85 including the vote for final passage in each house and the page number of the loose-leaf journals in each house referring to the vote ("S.J." stands for Senate Journal, "A.J." stands for Assembly Journal);
- (2) The veto message by Governor Earl; and
- (3) Following the text of each segment of the veto message the corresponding sections of 1985 WISCONSIN ACT 29 (1985 Assembly Bill 85) in which a partial veto occurred, with the material vetoed indicated by a distinguishing overlay — ~~XXXXX~~.

THE VETO PROCESS

Wisconsin Governors have been granted the constitutional power to veto bills in their entirety since the Constitution's ratification in 1848. In the election of November 1930, the people of Wisconsin ratified a constitutional amendment granting the Governor the additional power to veto appropriation bills in part.

The provision of the Wisconsin Constitution — Section 10 of Article V — granting the veto power, and the annotations to that provision printed with the section in the 1983-84 edition of the *Wisconsin Statutes*, read as follows:

WISCONSIN CONSTITUTION [Article V] Section 10. GOVERNOR TO APPROVE OR VETO BILLS; PROCEEDINGS ON VETO. "Every bill which shall have passed the legislature shall, before it becomes a law, be presented to the governor; if he approve, he shall sign it, but if not, he shall return it, with his objections, to that house in which it shall have originated, who shall enter the objections at large upon the journal and proceed to reconsider it. Appropriation bills may be approved in whole or in part by the governor, and the part approved shall become law, and the part objected to shall be returned in the same manner as provided for other bills. If, after such reconsideration, two-thirds of the members present shall agree to pass the bill, or the part of the bill objected to, 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 a law. But in all such cases the votes of both houses shall be determined by yeas and nays, and the names of the members voting for or against the bill or the part of

the bill objected to, shall be entered on the journal of each house respectively. If any bill shall not be returned by the governor within six days (Sundays excepted) after it shall have been presented to him, the same shall be a law unless the legislature shall, by their adjournment, prevent its return, in which case it shall not be a law."

Note: In determining whether the governor has acted in 6 days, judicial notice may be taken of the chief clerk's records to establish the date it was presented to him. *State ex rel. General Motors Corp. v. Oak Creek*, 49 W (2d) 299, 182 NW (2d) 481. Despite resulting change in legislative policy, governor's partial veto of appropriations bill was constitutional. *Sundby v. Adamany*, 71 W (2d) 118, 237 NW (2d) 910.

Procedural and substantive aspects of the partial veto discussed. *State ex rel. Kleczka v. Conta*, 82 W (2d) 679, 264 NW (2d) 539. In exercising a partial veto, the Governor may produce a law not in accord with the intent of the Legislature. 59 Atty. Gen. 95. Governor's veto of one digit of a separable part of an appropriation bill constitutes an objection within the meaning of sec. 10 and the entire part is returned to the legislature for reconsideration. 62 Atty. Gen. 238.

See note to art. IV, sec. 20, citing 63 Atty. Gen. 346, concerning recording yeas and nays.

Governor may not alter partial vetoes once approved portion of act has been delivered to secretary of state and disapproved portion returned to house of origin. 70 Atty. Gen. 154.

Failure of governor to express his objections to several possible partial vetoes of 1981-82 budget bill make any such possible vetoes ineffective. 70 Atty. Gen. 189.

Among all the partial vetoes overridden since 1930, there have been only two in which legislative action preceded newspaper publication of "the part approved" by the Governor as a law. These two occurred in 1943 and 1945, respectively. In 1949, the act affected by the partial veto was rather short; it was first published as a law showing only the part approved by the Governor, and was republished in its entirety after the Legislature overruled the partial veto. No additional partial vetoes were overruled until 1973, but all of the acts in which partial vetoes were overruled from 1973 to the present were laws of considerable length. Republication of the act in its entirety would have involved substantial publication costs. For this reason, each of the acts vetoed in part since 1973 has originally been published showing the part approved by the Governor as clear text, and the part or parts objected to by the Governor as text identified by a contrasting overlay — ~~XXXXXX~~.

Subsequently, whenever the Legislature overruled a partial veto either in whole or in part, only the new law text resulting from the veto override was published, identified as a supplement to the act originally published. The explanation of the text shown in such a supplement will be published with each supplement to a 1985 act as follows:

1985 *BILL* was approved by the governor "in part" and has become 1985 WISCONSIN ACT *NUMBER*. The parts objected to by the Governor ("item veto") were reviewed by the legislature on *DATE*, 1985. This supplement to 1985 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 1985 WISCONSIN ACT *NUMBER*, by the following type coding:

(1) ADDITIONAL CHANGE. In some cases, 1985 WISCONSIN ACT *NUMBER* created a new law or made a change in 1983-84 statutes or existing nonstatutory law which the Governor had approved in part and rejected in part. The parts approved have already become law. The part objected to becomes law because the veto was overruled by the legislature.

In any provision already affected by 1985 WISCONSIN ACT *NUMBER*, new words inserted as the result of an overruled veto are shown by italics (*italics*), and words deleted are indicated by strike-through (~~strike through~~).

(2) FIRST CHANGE. In other cases, the governor used the veto power to veto an entire SECTION of 1985 WISCONSIN ACT *NUMBER*, or to delete the act's proposed treatment of an entire segment — numerically identifiable — of a 1983-84 statute or existing nonstatutory law. In such an instance, the result of overruling the veto is that the affected law is now changed for the first time.

For any law affected for the first time, the result of overruling the veto is indicated by the type coding customary for all other legislation:

(a) Underscoring (underscoring) indicates an insertion into a 1983-84 statute or other existing law.

(b) Strike-through (~~strike through~~) indicates a deletion from a 1983-84 statute or other existing law.

(c) Plain text (plain text) is used where the overruling of a partial veto has resulted in the creation of a new statute or other law.

LEGISLATIVE ACTION ON THE PASSAGE OF 1985 ASSEMBLY BILL 85

On June 14, 1985, the Assembly adopted Assembly Substitute Amendment 1 [as amended by Assembly Amendments 3, 14 (including 1 to 14), 19, 42, 53 (including 1 to 53), 57 (including 5, 14, 17 and 18 to 57), 69

(including 8 to 69), and 72] to Assembly Bill 85, by a voice vote, A.J. 6/14/85, p. 232, and passed Assembly Bill 85 as amended, by a vote of 52 to 47, A.J. 6/14/85, p. 232.

On June 22 and 23, 1985, the Senate, in turn, adopted Senate Amendments 34, 84, 94, 99 (including 2 and 13 to 99), 102, 127, 129, 137 (including 9 and 11 to 137), 145, 146, 149, 150, 151, 152 and 153 to Assembly Bill 85, by voice votes, S.J. 6/22/85, p. 264, and S.J. 6/23/85, pp. 269, 270 and 271; and adopted Senate Amendments 51 and 127 and 147 (including 1 to 147), by roll call votes of 32 to 0, 25 to 7, and 25 to 3, respectively, S.J. 6/23/85, pp. 270 and 271. The Senate then concurred in Assembly Bill 85 as amended, by a vote of 21 to 12, S.J. 6/23/85, p. 271.

On June 28, 1985, the Assembly then concurred in Senate Amendments 34, 51 (as amended by Assembly Amendment 1), 84 (as amended by Assembly Amendment 1), 94, 102, 127, 129, 149, 150, 151, 152 (including 1 to 152), by voice votes, A.J. 6/28/85, pp. 270, 273, 281 and 282; and concurred in Senate Amendment 99 (as amended by Assembly Amendment 5), by a vote of 51 to 48, A.J. 6/28/85, p. 273; Senate Amendment 137 (as amended by Assembly Amendments 23, 30 including 7 to 30 and 31), by a vote of 61 to 38, A.J. 6/23/85, p. 286; Senate Amendment 147 (as amended by Assembly Amendment 1), by a vote of 99 to 0, A.J. 6/28/85, p. 282; and Senate Amendment 153 (as amended by Assembly Amendment 1), by a vote of 97 to 2, A.J. 6/28/85, p. 283.

On June 29, 1985, the Senate subsequently concurred in Assembly Amendment 5 to Senate Amendment 99, Assembly Amendment 23 (as amended by Senate Amendment 1) and Assembly Amendments 30 and 31 to Senate Amendment 137, Assembly Amendment 1 to Senate Amendment 147, Assembly Amendment 1 to Senate Amendment 152 and Assembly Amendment 1 to Senate Amendment 153, by voice votes, S.J. 6/29/85, pp. 283, 284 and 285. The Assembly subsequently concurred in Senate Amendment 1 to Assembly Amendment 23 to Senate Amendment 137, by a vote of 87 to 12, A.J. 6/28/85, p. 287.

On July 17, 1985, Assembly Bill 85 was approved in part and vetoed in part, and the part approved became 1985 WISCONSIN ACT 29. The date of enactment of WisAct 29 is July 17, 1985, and the date of publication is July 19, 1985.

TEXT OF THE GOVERNOR'S VETO MESSAGE

To the Honorable Members of the Assembly:

I have approved **Assembly Bill 85** as Wisconsin Act 29, Laws of 1985, and deposited it in the office of the Secretary of State. The 1985-87 biennial budget bill which I sign today is a document which fundamentally changes the way Wisconsin state government serves the people. It is a budget which reflects the basic changes which are taking place in our society and our economy. The economy of the future will place an ever higher premium on education, and this budget takes crucial steps to improve our educational institutions at every level. It sets us on a course which permits us to pledge to every prospective employer that Wisconsin will soon have the best trained, most efficient workforce anywhere.

This budget also includes an income tax reduction and reform initiative which significantly improves our business climate while making Wisconsin a leader once again in innovative and creative public policy. Others may talk of tax reform and tax fairness; in Wisconsin we have achieved it, and its benefits will be lasting.

I have made virtually no changes in the tax plan that passed the Legislature. It retains the fundamental reform principles embodied in my original proposal and represents a political consensus which I am reluctant to disturb. All in all the tax changes in this

budget represent a significant step forward in a continuing effort to advance our competitive position in the national and world economy. I know from experience that for some individuals and special interests in our state no tax reduction is ever enough and the most important tax cut is always the next one, never the last one. These anti-government ideologues will never be satisfied. But most of our people recognize that our new tax system will be less burdensome, easier to understand and fair. The Legislature can take great pride in what they have been able to accomplish.

This is an historic budget, not only because of its income tax reduction and reform proposals but because it provides unprecedented increases in property tax relief programs — \$885.6 million in all. This represents an 11.7 percent increase in 1985-86 and a 9.7 percent increase in 1986-87. Nearly half of that amount comes in additional school aids, increasing the state share of elementary and secondary local school costs from 39 percent to 43 percent. This increase in state resources for education is accompanied by a renewed commitment to excellence throughout our educational system.

The 1985-87 budget begins a new era in state and local relations by introducing a truth-in-taxation property tax bill which will tell property taxpayers

more than they have ever known before about state support for local government. Moreover, beginning in 1987 all state aids to local government and school districts will be paid as a credit to be shown on each property tax bill. This change will illuminate local spending decisions, will increase accountability and exert continuing pressure to hold down increases in the property tax. The combination of higher state aids and more local accountability is good news for all of our property taxpayers, but is of particular significance to older people living on fixed incomes and to farmers who are having a hard time making ends meet.

There have been many headlines about the spending increase contained in this budget. But fully 64 percent of the spending increase is for property tax relief of some kind. Increases for funding state operations — the “bureaucracy” — account for only one-fifth of the total expenditure increase in the budget.

Growth in the budget is due largely to an increase in property tax relief, not to an increase in the size of government or in welfare payments. The picture so often painted of state government as a swollen army of bureaucrats passing out lavish handouts to people not genuinely in need is a fraud, and it is time we said so. Will these added state dollars really bring relief? That will depend on the diligence of citizens and taxpayer groups in insisting that higher state payments be reflected in local taxing and spending decisions. I will not hesitate to criticize those who use higher state aids to increase spending rather than as a restraint on property taxes. Changing from direct aids to property tax credits is an important step in increasing local accountability, but it is no substitute for alert and interested taxpayers.

There are other important reforms in the budget which will make a significant difference in the lives of our people. Innovative steps are taken to encourage people to move from the dependence of the welfare system to the freedom and self-respect of holding a job. This budget keeps the pressure on medical care institutions to hold costs down while providing high quality service. The veto of mandated coverage of chiropractic services, along with vetoes strengthening the capital expenditure review program will complement the legislative decision to maintain the Hospital Rate-Setting Commission.

This budget makes progress, though less than I would like, towards the goal of removing general relief costs from the property tax. It strengthens the role of the state board in administering our system of vocational and adult education. This budget adds new resources to the Department of Development, including more emphasis on in-state business retention and regional tourism promotion.

Though the Legislature did a generally commendable job of modifying the budget I presented, I find some of the changes enacted to be objectionable. I am particularly concerned that the ending balance in the budget does not provide sufficient “breathing space” in the event of an economic downturn.

I have deleted expenditures in the budget for excessive increases in the Homestead and Farmland Preservation programs, as well as other more specialized spending items. I am a strong supporter of the Homestead program and will submit legislation in the fall to add \$18 million to the program over the biennium, a smaller but more affordable increase.

I have also eliminated building and highway projects which add to our bonded indebtedness and violate the established procedures of the Building Commission and the Transportation Projects Commission. While I am sympathetic to many of the local concerns which inspired these legislative initiatives, I cannot support them.

These disagreements do not diminish my regard for the legislative process which produced the 1985-87 budget. This Legislature, its leadership and the Joint Committee on Finance have shown a commendable willingness to challenge the habits of business as usual in state government. The budget I sign today is a document designed to set a new course for Wisconsin so that we can ensure a more secure economic future for our people.

Respectfully,
ANTHONY S. EARL
Governor

Dated: Wednesday, July 17, 1985

Subject Area: 1. HUMAN SERVICES

Item 1-A: Insurance Coverage of Chiropractic Services

Governor's written objections.

Sections 741g, 741r, 2060b, 2060bf, 2060bk, 2060bp, 2060bs, 2060bw, 2060by, 2304, 2304d, 2304g, 2304r, 2316r, 2316v, 2317b, 2317m, 2333n, 2333r, 2333u, 2333y, 3202(30)(cm), 3202(30)(cn), 3203(56)(cm), 3203(56)(cn), 3203(56)(cp), 3204(56)(gm) and 3204(56)(gn)

These sections mandate chiropractic coverage for 28 visits per year if an insurance policy includes coverage of any diagnostic or treatment services or procedure by a licensed physician or osteopath. The mandated coverage is applicable to HMOs, PPOs and any plan offered to state employees.

Under current law, s. 628.33, chiropractic coverage must be offered by all insurance companies offering accident and health coverage to any purchasers who request it. This allows consumers the freedom of choice regarding what type of coverage they feel is necessary. However, mandating chiropractic coverage erodes cost containment efforts of health insurers and results in higher priced policies and/or a reduction in other services currently being covered under the plans. Many of the cost savings realized are a result of the primary physician acting as a gatekeeper. This gatekeeper role functions as a control on excessive utilization of costly services. Mandated chiropractic coverage erodes this gatekeeper function of the primary physician and therefore, directly contributes to higher costs.

In addition, mandated insurance benefits create incentives for employers to self-insure. Most large employers in the state already self-insure health benefits for their employes, and are thus exempt from any mandated coverage of chiropractic care. The Office of the Commissioner of Insurance estimates that more than 40 percent of the employes in the state are covered under self-insured plans. Therefore, the mandated coverage of chiropractic care will strongly affect the employes of smaller firms, the elderly and the individual policyholder. These are groups that may be least able to afford the increased costs of health care.

The average number of visits nationwide to chiropractors is 8.8 per year. The number of Medicaid recipient visits to chiropractors is approximately 9 to 10 visits per year. In comparison, the targeted number of 28 visits per year is excessive. The State Group Insurance Board estimates that it may cost approximately \$3 million GPR annually for chiropractic coverage for state employes. However, no funds were appropriated for this purpose. For all of the reasons cited above, I have vetoed these sections.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part

SECTION 741g. 40.51 (8) of the statutes is created to read:

40.51 (8) (a). Every health care coverage plan offered by the state under sub. (6) shall provide coverage for diagnosis and treatment of a condition or complaint by a licensed chiropractor within the scope of the chiropractor's professional license, if the plan covers diagnosis and treatment of the condition or complaint by a licensed physician or osteopath, even if different nomenclature is used to describe the condition or complaint. Examination by or referral from a physician shall not be a condition precedent for receipt of chiropractic care under this paragraph. This paragraph does not:

- 1. Prohibit the application of deductibles or co-insurance provisions to chiropractic and physician charges on an equal basis.
2. Require the plan to cover any service by a chiropractor if the plan's coverage is limited to surgical benefits.

3. Require the plan to cover any service by a chiropractor to a person who is not a registered bed patient in a hospital if the plan does not cover any service by a physician to a person who is not a registered bed patient in a hospital.

(b) A health care coverage plan that limits participation to providers selected by the plan, but does not employ a licensed chiropractor, shall select one or more licensed chiropractors and shall permit a person covered by the plan to receive chiropractic care in accordance with par. (a) from one or more of the selected chiropractors. A plan that does not limit participation to providers selected by the plan shall permit a person covered by the plan to receive chiropractic care in accordance with par. (a) from the person's choice of one or more licensed chiropractors who have agreed to participate in the plan and abide by its terms.

(c) A health care coverage plan need not provide coverage under this subsection for more than 28 visits to a licensed chiropractor in each policy year.

Vetoed in Part

Vetoed
in Part

~~SECTION 741r. 49.51 (3) of the statutes, as created by 1985 Wisconsin Act ... (this act), is repealed.~~

~~SECTION 2060b. 185.981 (1) to (4) of the statutes are amended to read:~~

~~185.981 (1) Cooperative associations may be organized under this chapter without capital stock, exclusively to establish and operate in the state or in any county or counties therein a nonprofit plan or plans for sickness care, including hospital care, for their members and their dependents through contracts with physicians, medical societies, chiropractors, optometrists, dentists, dental societies, hospitals and others.~~

~~(2) Such associations shall operate only on a cooperative nonprofit basis and for the purpose of establishing, maintaining and operating a voluntary nonprofit medical health, dental or vision care plan or plans or for constructing, operating and maintaining nonprofit hospitals or other facilities whereby sickness care, including hospital, dental or vision care, is provided at the expense of such association, its members or both, to such persons or groups of persons as shall become subscribers to such plan, under contracts which will entitle each such subscriber to definite medical, surgical, chiropractic, vision, dental or hospital care, appliances and supplies, by physicians and surgeons licensed and registered under ch. 448, optometrists licensed under ch. 449, chiropractors licensed under ch. 446 and dentists licensed under ch. 447 in their offices, in hospitals, in other facilities and in the home.~~

~~(3) No cooperative association organized for the purposes provided in ss. 185.981 to 185.983 shall be prevented from contracting with any hospital in this state for the rendition of such hospital care as is included within such a plan because such hospital participates in any other such plan, or in a plan organized and operated under ss. 148.03 and 613.80. No hospital may discriminate against any physician and surgeon, chiropractor or dentist with respect to the use of such hospital's facilities by reason of his or her participation in a sickness care plan of a cooperative.~~

~~(4) No contract by or on behalf of any such cooperative association shall provide for the payment of any cash, indemnity or other material benefit by that association to the subscriber or the subscriber's estate on account of death, illness or injury, nor be in any way related to the payment of any such benefit by any other agency, but any such association may stipulate in its plan that it will pay any nonparticipating physician and surgeon, optometrist, chiropractor, dentist or hospital outside of its normal territory for sickness or hospital care rendered any covered member or a member's covered dependent who is in need of the benefits of such plan when he or she is outside of the territory of such association in which the benefits of such plan are normally available. Any such plan may prescribe monetary limitations with respect to such extraterritorial benefits.~~

Vetoed
in Part

~~SECTION 2060b. 185.981 (1) to (4) of the statutes, as affected by 1985 Wisconsin Act ... (this act), are repealed and recreated to read:~~

~~185.981 (1) Cooperative associations may be organized under this chapter without capital stock, exclusively to establish and operate in the state or in any county or counties therein a nonprofit plan or plans for sickness care, including hospital care, for their members and their dependents through contracts with physicians, medical societies, optometrists, dentists, dental societies, hospitals and others.~~

~~(2) Such associations shall operate only on a cooperative nonprofit basis and for the purpose of establishing, maintaining and operating a voluntary nonprofit medical, dental or vision care plan or plans or for constructing, operating and maintaining nonprofit hospitals or other facilities whereby sickness care, including hospital, dental or vision care, is provided at the expense of such association, its members or both, to such persons or groups of persons as shall become subscribers to such plan, under contracts which will entitle each such subscriber to definite medical, surgical, vision, dental or hospital care, appliances and supplies, by physicians and surgeons licensed and registered under ch. 448, optometrists licensed under ch. 449 and dentists licensed under ch. 447 in their offices, in hospitals, in other facilities and in the home.~~

~~(3) No cooperative association organized for the purposes provided in ss. 185.981 to 185.983 shall be prevented from contracting with any hospital in this state for the rendition of such hospital care as is included within such a plan because such hospital participates in any other such plan, or in a plan organized and operated under ss. 148.03 and 613.80. No hospital may discriminate against any physician and surgeon or dentist with respect to the use of such hospital's facilities by reason of his or her participation in a sickness care plan of a cooperative.~~

~~(4) No contract by or on behalf of any such cooperative association shall provide for the payment of any cash, indemnity or other material benefit by that association to the subscriber or the subscriber's estate on account of death, illness or injury, nor be in any way related to the payment of any such benefit by any other agency, but any such association may stipulate in its plan that it will pay any nonparticipating physician and surgeon, optometrist, dentist or hospital outside of its normal territory for sickness or hospital care rendered any covered member or a member's covered dependent who is in need of the benefits of such plan when he or she is outside of the territory of such association in which the benefits of such plan are normally available. Any such plan may prescribe monetary limitations with respect to such extraterritorial benefits.~~

~~SECTION 2060b. 185.981 (4m) of the statutes is created to read:~~

~~185.981 (4m) (a) A sickness care plan operated by a~~

**Vetoed
in Part**

cooperative association shall include coverage for diagnosis and treatment of a health condition or complaint by a licensed chiropractor within the scope of the chiropractor's professional license, if the plan covers diagnosis and treatment of the condition or complaint by a licensed physician or osteopath, even if different nomenclature is used to describe the condition or complaint. Examination by or referral from a physician shall not be a condition precedent for receipt of chiropractic care under this paragraph. This paragraph does not:

1. Prohibit the application of deductibles or coinsurance provisions to chiropractic and physician charges on an equal basis.

2. Require the plan to cover any service by a chiropractor if the plan's coverage is limited to surgical benefits.

3. Require the plan to cover any service by a chiropractor to a person who is not a registered bed patient in a hospital if the plan does not cover any service by a physician to a person who is not a registered bed patient in a hospital.

(b) A plan which limits participation to providers selected by the plan, but which does not employ a licensed chiropractor, shall select one or more licensed chiropractors and shall permit a subscriber to receive chiropractic care in accordance with par. (a) from one or more of the selected chiropractors. A plan which does not limit participation to providers selected by the plan shall permit a subscriber to receive chiropractic care in accordance with par. (a) from the subscriber's choice of one or more licensed chiropractors who have agreed to participate in the plan and abide by its terms.

(c) A plan need not provide coverage under this subsection for more than 23 visits to a licensed chiropractor in each policy year.

SECTION 2060b. 185.981 (4m) of the statutes, as created by 1985 Wisconsin Act ... (this act), is repealed.

SECTION 2060bs. 185.982 (title) of the statutes, as affected by 1985 Wisconsin Act ... (this act), is amended to read:

185.982 (title) Manner of practicing medicine; payment; promotional expense.

SECTION 2060bw. 185.982 (title), (1) and (2) of the statutes are amended to read:

185.982 (title) Manner of practicing medicine; chiropractic and dentistry; payment; promotional expense.

(1) No sickness care plan or contract issued thereunder by such cooperative association shall interfere with the manner or mode of the practice of medicine, optometry, chiropractic or dentistry, the relationship of physician, chiropractor, optometrist or dentist and patient, nor the responsibility of physician, chiropractor, optometrist or dentist to patient. A plan may require persons covered to utilize health care providers designated by the cooperative association. The

**Vetoed
in Part**

cooperative association may provide health care services directly through providers who are employees of the cooperative association or through agreements with individual providers or groups of providers organized on a group practice or individual practice basis. In making such agreements, no plan may refuse to provide coverage for vision care services or procedures provided by an optometrist licensed under ch. 449 within the scope of the practice of optometry, as defined in s. 449.01 (1), if the plan provides coverage for the same services or procedures when provided by another health care provider.

(2) Any cooperative association operating a voluntary sickness care plan under the provisions of this chapter may pay physicians and surgeons, optometrists, chiropractors or dentists on a salary, per person or fee-for-service basis to provide sickness care to members of such association. Every association shall contract only with its own members for the benefits of any plan which it operates, but any association which operates a hospital may make the facilities thereof available to nonmembers and to nonparticipating physicians, optometrists or dentists.

SECTION 2060by. 185.982 (1) and (2) of the statutes, as affected by 1985 Wisconsin Act ... (this act), are repealed and recreated to read:

185.982 (1) No sickness care plan or contract issued thereunder by such cooperative association shall interfere with the manner or mode of the practice of medicine, optometry or dentistry, the relationship of physician, optometrist or dentist and patient, nor the responsibility of physician, optometrist or dentist to patient. A plan may require persons covered to utilize health care providers designated by the cooperative association. The cooperative association may provide health care services directly through providers who are employees of the cooperative association or through agreements with individual providers or groups of providers organized on a group practice or individual practice basis. In making such agreements, no plan may refuse to provide coverage for vision care services or procedures provided by an optometrist licensed under ch. 449 within the scope of the practice of optometry, as defined in s. 449.01 (1), if the plan provides coverage for the same services or procedures when provided by another health care provider.

(2) Any cooperative association operating a voluntary sickness care plan under the provisions of this chapter may pay physicians and surgeons, optometrists or dentists on a salary, per person or fee-for-service basis to provide sickness care to members of such association. Every association shall contract only with its own members for the benefits of any plan which it operates, but any association which operates a hospital may make the facilities thereof available to nonmembers and to nonparticipating physicians, optometrists or dentists.

SECTION 2304. Chapter 609 of the statutes is created to read:

Vetoed in Part ~~609.50 Chiropractic coverage. Health maintenance organizations, limited service health organizations and preferred provider plans are subject to s. 632.87 (3).~~

~~SECTION 2304d. 609.05 (3) of the statutes, as created by 1985 Wisconsin Act ... (this act) is amended to read:~~

~~609.05 (3) A health care plan under sub. (1) may require an enrolled participant to obtain a referral from the primary provider designated under sub. (2) to another selected provider prior to obtaining health care services from the other selected provider except as provided in s. 609.50.~~

~~SECTION 2304g. 609.05 (3) of the statutes, as affected by 1985 Wisconsin Act ... (this act), is repealed and recreated to read:~~

~~609.05 (3) A health care plan under sub. (1) may require an enrolled participant to obtain a referral from the primary provider designated under sub. (2) to another selected provider prior to obtaining health care services from the other selected provider.~~

~~SECTION 2304e. 609.50 of the statutes, as created by 1985 Wisconsin Act ... (this act), is repealed.~~

~~SECTION 2316r. 628.33 of the statutes is repealed.~~

~~SECTION 2316v. 628.33 of the statutes is created to read:~~

~~628.33 Unfair methods of competition and unfair or deceptive act or practices defined. It is defined as an unfair method of competition and unfair or deceptive act or practice in the business of insurance to refuse to offer inclusion of coverage for services of chiropractors or physicians, as defined in s. 990.01 (28), lawfully rendered in this state when writing a policy providing accident and health benefits for treatment encompassing such services, if the policy provides payment for services performed by such a physician or chiropractor, all at the option of the insured.~~

~~SECTION 2317b. 628.36 (2) (b) 5 of the statutes is created to read:~~

~~628.36 (2) (b) 5. All health care plans, including health maintenance organizations, preferred provider plans and limited service health organizations, are subject to s. 632.87 (3).~~

~~SECTION 2317m. 628.36 (2) (b) 5 of the statutes, as created by 1985 Wisconsin Act ... (this act), is repealed.~~

~~SECTION 2333n. 632.87 (1) of the statutes is amended to read:~~

~~632.87 (1) No insurer may refuse to provide or pay for benefits for health care services provided by a licensed health care professional on the ground that the services were not rendered by a physician as defined in s. 990.01 (28), unless the contract clearly excludes services by such practitioners, but no contract or plan may exclude services in violation of sub. (2m) or (3).~~

Vetoed in Part

Vetoed in Part

~~SECTION 2333r. 632.87 (1) of the statutes, as affected by 1985 Wisconsin Act ... (this act), is repealed and recreated to read:~~

~~632.87 (1) No insurer may refuse to provide or pay for benefits for health care services provided by a licensed health care professional on the ground that the services were not rendered by a physician as defined in s. 990.01 (28), unless the contract clearly excludes services by such practitioners, but no contract or plan may exclude services in violation of sub. (2m).~~

Vetoed in Part

~~SECTION 2333u. 632.87 (3) of the statutes is created to read:~~

~~632.87 (3) (a) No policy, plan or contract may exclude coverage for diagnosis and treatment of a condition or complaint by a licensed chiropractor within the scope of the chiropractor's professional license. If the policy, plan or contract covers diagnosis and treatment of the condition or complaint by a licensed physician or osteopath, even if different nomenclature is used to describe the condition or complaint. Examination by or referral from a physician shall not be a condition precedent for receipt of chiropractic care under this paragraph. This paragraph does not:~~

- ~~1. Prohibit the application of deductibles or coinsurance provisions to chiropractic and physician charges on an equal basis.~~
- ~~2. Require the plan to cover any service by a chiropractor if the plan's coverage is limited to surgical benefits.~~
- ~~3. Require the plan to cover any service by a chiropractor to a person who is not a registered bed patient in a hospital if the plan does not cover any service by a physician to a person who is not a registered bed patient in a hospital.~~

~~(b) A policy, plan or contract which limits participation to providers selected by the plan, but which does not employ a licensed chiropractor, shall select one or more licensed chiropractors and shall permit a subscriber to receive chiropractic care in accordance with par. (a) from one or more of the selected chiropractors. A plan which does not limit participation to providers selected by the plan shall permit a subscriber to receive chiropractic care in accordance with par. (a) from the subscriber's choice of one or more licensed chiropractors who have agreed to participate in the plan and abide by its terms.~~

~~(b)m) A policy, plan or contract need not provide coverage under this subsection for more than 28 visits to a licensed chiropractor in each policy year.~~

~~(c) The commissioner shall promulgate rules requiring all cooperative associations, health maintenance organizations, insurers and other persons offering health care policies, plans or contracts affected by the requirements of this section and s. 185.981 (4m) to maintain records for 36 months, beginning on the first day of the 3rd month after publication of this paragraph ... [revisor inserts date], showing any changes in costs associated with compliance with the requirements of this section and s. 185.981 (4m).~~

~~SECTION 2333y. 632.87 (3) of the statutes, as created by 1985 Wisconsin Act ... (this act), is repealed.~~

SECTION 3202. Cross-reference changes.

(30) INSURANCE.

(cm) *Maintain records.*

| A | B | C |
|--|--|---|
| Statute Sections 185.983 (1) (Intro.) | Old Cross-References 632.79 and 632.895 (5) | New Cross-References 632.79, 632.87 (3) (c) and 632.895 (5) |

Vetoed
in Part

(cn) *Records maintenance deleted.*

| A | B | C |
|--|---|--|
| Statute Sections 185.983 (1) (Intro.), as affected by 1985 Wis. Act (this act) | Old Cross-References 632.79, 632.87 (3) (c) and 632.895 (5) | New Cross-References 632.79 and 632.895 (5) |

SECTION 3203. Initial applicability.

(56) OTHER.

(cm) *Chiropractic coverage.* The amendment of sections 185.981 (1) to (4), 185.982 (title) (by SECTION 2060bw), (1) and (2), 609.05 (3) and 632.87 (1) (with regard to chiropractic coverage) of the statutes, the repeal of section 628.33 of the statutes and the creation of sections 40.51 (8), 185.981 (4m), 628.36 (2) (b) 5, 609.50 and 632.87 (3) (a) and (b) of the statutes by this act:

Vetoed
in Part

1. Apply to all insurance policies, plans and contracts, including health care plans delivered or issued for delivery in this state on or after the effective date specified in SECTION 3204 (56) (gm) of this act.

2. Apply to all insurance policies, plans and contracts, including health care plans delivered or issued for delivery in this state before the effective date specified in SECTION 3204 (56) (gm) of this act when the issuer next has the right to refuse to renew the policy or to change the premium, or one year after the effective date specified in SECTION 3204 (56) (gm) of this act, whichever is earlier, but do not apply to insurance policies, plans or contracts, including health care plans, issued before the effective date specified in SECTION 3204 (56) (gm) of this act if the issuer does not have the right to refuse to renew the coverage or to increase its premiums to meet any actual additional cost of alternative coverage required under those sections.

(cn) *Sunset chiropractic coverage.* The repeal of sections 40.51 (8), 185.981 (4m), 628.36 (2) (b) 5, 609.50 and 632.87 (3) of the statutes, the amendment of section 185.982 (title) (by SECTION 2060bs) of the statutes, the repeal and recreation of sections 185.981 (1) to (4), 185.982 (1) and (2), 609.05 (3) and 632.87 (1) (with regard to chiropractic coverage) and the creation of section 628.33 of the statutes apply to all insurance policies, plans and contracts, including health care

plans, delivered or issued for delivery in this state on or after the effective date specified in SECTION 3204 (56) (gm) of this act.

Vetoed
in Part

(cp) *Optometric coverage.* The treatment of sections 40.51 (9), 185.981 (4t), 609.60 and 632.87 (1) (with regard to optometric coverage) of the statutes by this act and SECTION 3202 (30) (do) of this act first apply to the issuance or renewal of health care plans on the later of the effective date of this paragraph or the day after the expiration of any contract provision between a health care provider and any other person if the contract provision was in existence prior to the effective date of this paragraph and if compliance with these sections would impair the contract provision.

SECTION 3204. Effective dates.

(56) OTHER.

(gm) *Chiropractic coverage.* The amendment of sections 185.981 (1) to (4), 185.982 (title), (1) and (2), 609.05 (3) and 632.87 (1) of the statutes, the repeal of section 628.33 of the statutes and the creation of sections 40.51 (8), 185.981 (4m), 628.36 (2) (b) 5, 609.50 and 632.87 (3) (a) and (b) of the statutes take effect on the first day of the 3rd month beginning after the effective date of this paragraph.

Vetoed
in Part

(gn) *Sunset chiropractic coverage.* The repeal of sections 40.51 (8), 185.981 (4m), 628.36 (2) (b) 5, 609.50 and 632.87 (3) of the statutes, the amendment of section 185.982 (title) (by SECTION 2060bs) of the statutes, the repeal and recreation of sections 185.981 (1) to (4), 185.982 (1) and (2), 609.05 (3) and 632.87 (1) of the statutes and SECTION 3202 (30) (en) of this act take effect on the first day of the 3rd month beginning after the effective date of this paragraph.

Subject Area: 1. HUMAN SERVICES

Item 1-B: Dental Health Care Services — Joint Practices

Governor's written objections.

Sections 2342yam and 3201(30)(ba)

These sections create a separate chapter of the statutes for dental health care services joint practices, that are not subject to insurance laws. While there is some oversight by the Office of the Commissioner of Insurance, this oversight is general in scope.

I have vetoed these sections because the creation of a separate chapter of the statutes for dental joint practices, and the exemption of this group of health care providers from insurance laws is contrary to the general treatment of other health care providers. Under this chapter, dental joint practices would be the only risk-bearing entities which would be in the business of insurance but would not be licensed as insurers. An insurer should be regulated under the insurance laws in order to protect both the insurer and the insuree in areas such as advertising, marketing, underwriting, timely payment of claims, reserves, and investment practices. Such regulation enhances the ability of insurers to maintain efficient and orderly conduct of business, and contributes to the provision of quality services for the consumer.

My budget bill contained specific language relating to the formation of joint ventures of health care providers. I feel that this language sufficiently addresses the issue of the formation of joint ventures of health care providers, and therefore, it is unnecessary to create a separate chapter for a specific health care provider group.

Cited segments of 1985 Assembly Bill 85:

SECTION 2342yam. Chapter 670 of the statutes is created to read:

CHAPTER 670

DENTAL HEALTH CARE SERVICES

JOINT PRACTICES

670.01 Purpose. The legislature intends to stimulate competition among dental health care providers by encouraging the development of dental joint practices, organized and operated in conformity with state and federal antitrust laws.

670.05 Definitions. In this chapter:

(1) "Commissioner" means the commissioner of insurance.

(2) "Contracting dentist" means a dentist licensed under ch. 447 who enters into a contract with a joint practice to provide services to enrollees.

(3) "Enrollee" means an individual who is entitled to receive services obtained from a joint practice by a purchaser.

(4) "Joint practice" means a partnership formed under ch. 178 or a service corporation organized under s. 180.99 that is controlled by dentists licensed under ch. 447, that provides services to purchasers in consideration for predetermined periodic fixed payments pursuant to service agreements and that contracts with contracting dentists on terms that assign all financial risks arising from the provision of services to the contracting dentists, including the risks of overutilization of services by enrollees and of nonpayment or underpayment by purchasers.

(5) "Purchaser" means a person that provides predetermined periodic fixed payments to a joint practice

to obtain services for enrollees from the joint practice pursuant to a service agreement.

(6) "Service agreement" means an agreement between a joint practice and a purchaser specifying the services provided by the joint practice to the purchaser and the predetermined periodic fixed payments provided by the purchaser to the joint practice.

(7) "Services" means services within the scope of the practice of dentistry, as defined in s. 447.02 (1).

670.10 Not subject to insurance laws. Joint practices, service agreements and contracting dentists are not subject to chs. 600 to 646.

670.12 Confidentiality. The commissioner shall keep confidential all records under this chapter that contain trade secrets, as permitted under s. 19.36 (5).

670.15 Registration. Before providing any services, each joint practice shall obtain from the commissioner a certificate of registration. If the commissioner is satisfied that the joint practice has met all requirements of law and that its methods and practices will adequately safeguard the interests of its purchasers, enrollees and the public in this state, the commissioner shall issue a certificate of registration within 30 days after receiving a complete registration application setting forth all of the following:

(1) The name and business address of the joint practice.

(2) The names and business addresses of all dentists controlling the joint practice.

(3) The intended plan of operation for the year following the date of filing, including all of the following:

(a) The geographical area intended to be served.

Vetoed in Part

Vetoed in Part

Vetoed
in Part

- (b) The services intended to be provided.
- (c) The proposed marketing methods.
- (d) The projected yearly operating results based on reasonable assumptions of total operating expenses and of total income from payments for services and other sources.

670.20 Reports. (1) Each joint practice shall file with the commissioner an annual report, due March 1 of each year, setting forth all information required in the registration statement, revised as necessary for accuracy as of December 31 of the preceding year. The annual report shall, in addition, set forth the actual geographical area served, services provided, marketing methods employed and operating results of the year immediately preceding the filing of the annual report.

(2) Each joint practice shall file with the commissioner a notice of revised information within 10 days after any change in the information under s. 670.15(1) or (2) as set forth in the registration statement under s. 670.15 or in an annual report under sub. (1).

(3) Each joint practice shall file with the commissioner such other reports regarding the solvency of the joint practice as the commissioner may reasonably require.

670.25 Letter of credit. Before providing any services, each joint practice shall obtain and file with the commissioner an irrevocable letter of credit in a form acceptable to the commissioner in the amount of \$75,000 payable to the commissioner in favor of any purchaser of services from the joint practice in the event of substantial loss to a purchaser caused by the failure of the joint practice to provide any services to the purchaser pursuant to the service agreement between the joint practice and the purchaser.

670.30 Service agreement. Each joint practice shall file with the commissioner a copy of each service agreement between the joint practice and any purchaser and a copy of any amendment to or renewal of the service agreement, 30 days in advance of the proposed effective date of the service agreement, amendment or renewal. The commissioner may disapprove the service agreement, amendment or renewal if it is contrary to law or to the interests of enrollees, creditors or the public. Failure of the commissioner to respond within 30 days shall constitute approval.

670.35 Information sheet. (1) Each joint practice shall provide an information sheet approved by the commissioner to each purchaser for distribution to enrollees.

(2) The information sheet shall be written in commonly understood language, presented in meaningful sequence, appropriately divided and captioned by its various sections and legibly printed or typed.

(3) The information sheet shall include explanations of services available to enrollees including costs to enrollees; if any, the grievance procedure available to enrollees as required under s. 670.40 and the names and business addresses of contracting dentists.

Vetoed
in Part

(4) The joint practice shall provide a new information sheet to a purchaser reflecting any change in the information required under sub. (3) within 10 days after the change.

(5) The commissioner may disapprove the information sheet if it is contrary to law or to the interests of enrollees, creditors or the public. Failure of the commissioner to respond within 30 days shall constitute approval.

670.40 Grievance procedure. (1) Each joint practice shall establish and use an internal grievance procedure that is approved by the commissioner and that complies with sub. (2) for the resolution of enrollee grievances with the joint practice.

(2) The internal grievance procedure established under sub. (1) shall include all of the following elements:

(a) The opportunity for an enrollee to submit a written grievance in any form.

(b) Establishment of a grievance panel for the investigation of each grievance submitted under par. (a), consisting of at least one individual authorized to take corrective action on the grievance and at least one enrollee other than the grievant, if an enrollee is available to serve on the grievance panel.

(c) Prompt investigation of each grievance submitted under par. (a).

(d) Notification to each grievant of the disposition of his or her grievance and of any corrective action taken on the grievance.

(e) Retention of records pertaining to each grievance for at least 3 years after the date of notification under par. (d).

(3) Each joint practice shall submit an annual report to the commissioner describing the experience under the internal grievance procedure for the year.

670.45 Unfair marketing practices. (1) MISREPRESENTATION. No joint practice registered under this chapter, no employee or agent of the joint practice, no person whose primary interest is as a competitor of a joint practice registered under this chapter, and no person on behalf of any of the foregoing persons may make or cause to be made any communication relating to a service agreement or any joint practice which contains false or misleading information, including information misleading because of incompleteness. Filing a report and, with intent to deceive a person examining it, making a false entry in a record or willfully refraining from making a proper entry, are "communications" within the meaning of this paragraph. No joint practice may use any business name, slogan, emblem or related device that is misleading or likely to cause the joint practice to be mistaken for another joint practice already in business.

(2) UNFAIR INDUCEMENTS. No joint practice and no employee of a joint practice may seek to induce any person to enter into a service agreement or to terminate an existing service agreement by offering benefits not specified in the service agreement, nor may any

Vetoed
in Part

joint practice make any promise that is not clearly expressed in the service agreement.

(3) UNFAIR DISCRIMINATION. (a) No joint practice may unfairly discriminate among purchasers by charging different premiums or by offering different terms of coverage except on the basis of classifications related to the nature and the degree of the risk covered or the expenses involved. Rates are not unfairly discriminatory if they are averaged broadly among enrollees, and terms are not unfairly discriminatory merely because they are more favorable than in a similar individual policy.

(b) No joint practice may refuse to cover or refuse to continue to cover, or limit the amount, extent or kind of coverage available to an enrollee, or charge an enrollee a different rate for the same coverage because of a mental or physical disability except when the refusal, limitation or rate differential is based on either sound actuarial principles supported by reliable data or actual or reasonably anticipated experience.

(4) RESTRAINT OF COMPETITION. No joint practice registered under this chapter, no employe or agent of the joint practice, no person whose primary interest is as a competitor of a joint practice registered under this chapter and no one acting on behalf of any of the foregoing persons, may commit or enter into any agreement to participate in any act of boycott, coercion or intimidation tending to unreasonable restraint of the business of providing services to purchasers or to monopoly in that business.

(5) INFLUENCING EMPLOYERS. No joint practice or employe or agent of the joint practice may, in connection with a service agreement, encourage, persuade or attempt to influence any employer to refuse employment to or to discharge any person arbitrarily or unreasonably.

(6) USE OF OFFICIAL POSITION. No person holding an elective, appointive or civil service position in federal, state or local government may use decision-making power or influence in that position to coerce the making of a service agreement for any prospective purchaser through any particular joint practice.

(7) OTHER UNFAIR TRADE PRACTICES. No person may engage in any other unfair method of competition or any other unfair or deceptive act or practice, as defined under sub (8).

(8) RULES DEFINING UNFAIR TRADE PRACTICES. The commissioner may define specific unfair trade practices by rule, after a finding that they are misleading, deceptive, unfairly discriminatory, provide an unfair inducement, or restrain competition unreasonably.

670.50 Exclusive contracts prohibited. A joint practice may not make, enforce or participate in any contract with a contracting dentist that prevents or materially inhibits the contracting dentist from entering into other contracts to provide services.

670.55 Required grace period for service agreements. Every service agreement shall contain clauses providing for a grace period of at least 7 days for weekly pre-

mium service agreements, 10 days for monthly premium service agreements and 31 days for all other service agreements, for each premium after the first, during which the service agreement shall continue in force.

670.60 Notice of termination of coverage due to cessation of business or default in payment of premiums.

(1) This section shall apply to every service agreement purchased by or on behalf of an employer to provide coverage for employes.

(2) (a) Prior to termination of any service agreement due to a cessation of business or default in payment of premiums by the purchaser, the joint practice shall notify in writing the purchaser of the date as of which the service agreement will be terminated or discontinued. At such time, the joint practice shall additionally furnish to the purchaser a notice form to be distributed to enrollees indicating what rights, if any, are available to them upon termination.

(b) For purpose of notice and distribution to enrollees under par. (a), the administrator responsible for determining the enrollees covered and the premiums payable to the joint practice under any service agreement is responsible for providing such notices.

(3) Under any service agreement subject to this section, the joint practice shall be liable for all valid claims for covered losses prior to the expiration of any grace period specified in the service agreement.

(5) The notice requirements of this section shall not apply if a service agreement providing coverage to enrollees is terminated and immediately replaced by another service agreement, policy or plan providing similar coverage to such employes or members.

670.70 Right to notice and hearing. If the commissioner refuses to accept any registration application or refuses to issue a certificate of registration under s. 670.15, disapproves any service agreement under s. 670.30 or information sheet under s. 670.35, demands any solvency report under s. 670.20 (3) or utilizes a letter of credit under s. 670.25 the commissioner shall notify the joint practice of the reasons for such action. Such action is subject to a right to a contested case hearing under s. 227.064.

670.75 Revocation of registration. The commissioner may, upon notice, revoke or suspend the registration of a joint practice if any ground for liquidation under s. 670.85 exists or if the joint practice or a director, officer, partner, shareholder, agent, employe or contracting dentist of the joint practice violates any provision of this chapter while acting for the joint practice. The imposition of suspensions and revocations under this section is subject to a right to a contested case hearing under s. 227.064. A revocation of registration may include conditions for reinstatement of registration designed to safeguard the interests of purchasers, enrollees and creditors of the joint practice against the insolvency of the joint practice or designed to ensure future compliance with the provisions of this chapter or designed for both purposes.

Vetoed
in Part

670.77 Penalty. A person who violates any provision of this chapter may be fined not more than \$1,000 for each violation.

Vetoed
in Part

670.80 Examinations. (1) (a) Whenever the commissioner deems it necessary in order to inform himself or herself about any matter related to the enforcement of this chapter, the commissioner may examine the affairs and condition of any joint practice.

(b) As far as reasonably necessary for an examination, the commissioner may examine the accounts, records, documents or evidences of transactions relating to the affairs and condition of the joint practice of any director, officer, partner, shareholder, agent, employee and contracting dentist of the joint practice.

(c) Upon demand, every joint practice shall make available to the commissioner for examination any of its accounts, records, documents or evidences of transactions and any of those of the persons listed in par. (b).

(2) For each examination under sub. (1), the commissioner shall issue an order stating the scope of the examination and designating the examiner in charge. Upon demand, a copy of the order shall be provided to the joint practice.

(3) Any examiner authorized by the commissioner shall, as far as necessary to the purposes of the examination, have access at all reasonable hours to the premises and to any books, records, files, securities, documents or property of the joint practice and to those of the persons listed in sub. (1) (b) relating to the affairs and condition of the joint practice.

(4) The officers, employees and agents of the joint practice and of persons listed in sub. (1) (b) shall comply with every reasonable request of the examiners for assistance in any matter relating to the examination. No person may obstruct or interfere with the examination in any way other than by legal process.

(5) If the commissioner finds the accounts or records to be inadequate for proper examination of the affairs and condition of the joint practice or improperly kept or posted, the commissioner may direct the joint practice to rewrite, post or balance them at the expense of the joint practice. If the joint practice is unable or unwilling to do so, the commissioner may employ experts to do so at the expense of the joint practice.

(6) The examiner in charge of an examination shall make a proposed report of the examination which shall include such information and analysis as is ordered in sub. (2), together with the examiner's recommendations. Preparation of the proposed report may include conferences with the joint practice or the representatives of the joint practice at the option of the examiner in charge. The proposed report shall remain confidential until filed under sub. (7).

(7) The commissioner shall serve a copy of the proposed report upon the joint practice. Within 20 days

after service, the joint practice may serve upon the commissioner a written demand for a hearing on the contents of the report. If a hearing is demanded, the commissioner shall give notice and hold a hearing under ch. 227, except that on demand by the joint practice the hearing shall be private. Within 60 days after the hearing, or if no hearing is demanded, within 60 days after the last day on which the joint practice might have demanded a hearing, the commissioner shall adopt the report with any modifications made necessary as a result of the hearing and file it for public inspection, or the commissioner shall order a new examination.

(8) The commissioner shall forward a copy of the examination report to the joint practice immediately upon adoption, except that if the proposed report is adopted without change, the commissioner need only so notify the joint practice.

(9) In any proceeding by or against the joint practice, or by or against any person listed in sub. (1) (b), the examination report as adopted by the commissioner shall be admissible as evidence of the facts stated in the report. In any proceeding by or against the joint practice, the facts asserted in any report properly admitted in evidence shall be presumed to be true in the absence of contrary evidence.

(10) The reasonable costs of examinations under this section shall be paid by joint practices on the basis of a system of billing for actual salaries and expenses of examiners and other apportionable expenses, including office overhead. Payments under this subsection shall not be deemed to be a tax or license fee within the meaning of any statute.

670.85 Liquidation. (1) After notice to the joint practice, the commissioner may apply by verified petition to the circuit court for Dane county or for the county in which the principal office of the joint practice is located for an order directing the commissioner to liquidate the joint practice on any one or more of the following grounds:

(a) That the joint practice is or is about to become insolvent.

(b) That the joint practice is in such condition that the further transaction of business would be hazardous, financially or otherwise, to purchasers, enrollees or creditors of the joint practice.

(c) That the joint practice has not provided any services during the previous 12 months.

(d) That within any part of the previous 12 months the joint practice has systematically attempted to compromise with its creditors on the ground that it is financially unable to pay its creditors in full.

(e) That the joint practice has concealed records or assets from the commissioner or improperly removed them from the jurisdiction.

(2) The commissioner shall establish by rule a procedure for the orderly liquidation of a joint practice upon issuance of an order under sub. (1). The procedure shall be based upon procedures applicable to insurers under ch. 645.

Vetoed
in Part

SECTION 3201. Program responsibility changes.

(30) INSURANCE.

| | | | |
|---------------------------|------------------------------|----------------------------|--------------------------------|
| Vetoed in Part | (b4) Dental labor practices. | | |
| | Statute Sections 16-731 | References Deleted none | References Inserted ch. 670 |

Subject Area: 1. HUMAN SERVICES

Item 1-C: AIDS Statutory Language

Governor's written objections.

Sections 1962gm, 2329m, 3023(27a) and 3201(23)(jc)

Section 1962gm restricts the use of information gained from an HTLV III antibody test. The test, recently licensed by the federal government, is used primarily to screen potential blood donors. However, due to the fact that the HTLV III virus is the causative agent of acquired immunodeficiency syndrome (AIDS) and there is an established continuum between an HTLV III infection and AIDS, the test is perceived to be a tool in the treatment of AIDS.

I am very sympathetic to the need for confidentiality. But, the goal of public health and safety — providing the proper tools for treatment of disease — has to be considered. My veto strikes a balance between these competing policy goals.

I have made a partial veto of this section to allow for the confidentiality of the test results except for the subject of the test and health care providers. This veto will ensure confidentiality of the test results, except for those parties directly involved in the treatment of HTLV III infections, AIDS and AIDS-related disorders. Lacking a statutory definition of acquired immunodeficiency syndrome (AIDS), the intent of my veto is to establish a definition of the term to include not only clinically diagnosed AIDS cases, but also HTLV III infections and AIDS-related disorders. In addition, it is my understanding that the parties interested in this issue will work to develop legislation to allow the Department of Health and Social Services (DHSS) discrete access to test results for prevention efforts.

Further, in making this partial veto, I eliminated language regarding information to be provided to a person who receives a positive test result. At present, DHSS has established guidelines to test providers to give this and other information about the test. I am directing DHSS to formalize these guidelines in administrative rule to ensure that all persons having a positive test receive this vital information.

Section 2329m restricts the use of HTLV III antibody test results by insurers and requires DHSS to make a determination of the reliability of the antibody test and a test for the HTLV III virus. I have vetoed the reference to the finding of reliability of the tests. As the language is written, DHSS would be in a position to immediately determine that both tests are reliable. The test for the virus, however, is very expensive and at present is used exclusively for research. While the test for the antibody to HTLV III is reliable, a definitive, actuarial correlation between presence of the antibody and the risk of AIDS has not been established. Until the correlation is established, or a confirmatory test for the virus is readily available, the antibody test should not be used for insurance purposes.

I have also vetoed Section 3023(27a) which would mandate DHSS to conduct a socio-psychological study of the effects on the patient of a positive HTLV III test. This mandate would have diverted resources from current prevention efforts and may be redundant to other studies sponsored by the federal government.

Cited segments of 1985 Assembly Bill 85:

SECTION 1962gm. 146.025 of the statutes is created to read:

146.025 Restrictions on use of test for acquired immunodeficiency syndrome. (1) CONFIDENTIALITY OF TEST.

(b)

1. To the subject of the test if the subject has first provided written permission to be so informed.

Vetoed in Part

2. To the department for use in conducting a study of the beneficial or adverse effects to persons in this state who are informed that the results of testing are positive for the existence of the antibody, if the subject of the test has first provided written permission that the department be so informed.

(2) TEST INFORMATION. If a person provides consent to testing under sub. (1) (a), if the test yields results positive for the existence of the antibody to the human virus HTLV-III causing acquired immunodeficiency syndrome, and if the person has provided permission to be informed of test results under sub. (1) (b) 1, the health care provider or blood bank, blood center or plasma center performing the test shall inform the subject of the test of the results in a face-to-face interview in which the following information shall be given to the subject:

- (a) The known reliability of the test.
(b) The known causes, effects and treatment of acquired immunodeficiency syndrome.
(c) The availability of, and a referral to, if requested, psychiatric or psychological counseling services.

Vetoed in Part

(3) FINDING OF RELIABILITY. The department shall:

(a) Monitor the information obtainable from this state and from federal sources and sources in other states concerning the reliability of:

1. The test for the existence of the antibody to the human virus HTLV-III causing acquired immunodeficiency syndrome.

2. A test for the existence of the human virus HTLV-III causing acquired immunodeficiency syndrome.

3. Based on criteria developed by the department, make a finding of reliability of the tests under subd. 1 and 2 if information obtained about the test indicates that the department's criteria for reliability are met.

SECTION 2329m. 631.90 of the statutes is created to read:

631.90 Restriction on use of acquired immunodeficiency syndrome test. (1) With regard to policies issued or renewed on and after the effective date of this subsection [revisor inserts date], an insurer may not do any of the following:

Vetoed in Part

(2) Subsection (1) does not apply to any policy issued on or after the date that the department of health and social services finds under s. 146.025 (3) that the test to screen for the existence of an antibody to the human virus HTLV-III causing acquired immunodeficiency syndrome is a reliable test for the existence of the antibody and that a test to screen for the existence of the human virus HTLV-III causing acquired immunodeficiency syndrome is a reliable test for the existence of the virus.

SECTION 3023. Nonstatutory provisions; health and social services.

(27a) TESTING FOR ACQUIRED IMMUNODEFICIENCY SYNDROME STUDY. (a) The department of health and social services shall perform a study evaluating the beneficial or adverse effects to persons in this state who are tested to screen for the existence of an antibody to the human virus HTLV-III causing acquired immunodeficiency syndrome and who are informed under the requirements under section 146.025 (2) of the statutes that the test results are positive for the existence of the antibody.

Vetoed in Part

(b) If permission is granted by the subject of a positive test under section 146.025 (1) (b) 2 of the statutes, the department of health and social services shall, as soon as possible following conduct of the interview under section 146.025 (2) of the statutes and at periodic intervals thereafter, interview the subject to obtain information for the study under paragraph (a) on the beneficial or adverse effects to the subject of receipt of the positive test results.

(c) By January 1, 1987, the department of health and social services shall submit a report on the study required under paragraph (a) to the legislative committees on health.

SECTION 3201. Program responsibility changes.

(23) HEALTH AND SOCIAL SERVICES.

(a) Acquired immunodeficiency syndrome.

Table with 3 columns: A Statute Sections, B References Deleted, C References Inserted. Row 1: 16.191 (Intro.), none, 631.90 (2).

Vetoed in Part

Subject Area: 1. HUMAN SERVICES

Item 1-D: Community Integration Program Rates (CIP)

Governor's written objections.

Section 896L

Section 896L increases the daily CIP rate from the current level of \$56.38 per person in 1984-85 to \$60.00 per person in 1985-86 and \$62.40 in 1986-87. This section also requires the Department of Health and Social Services (DHSS) to request approval of the allocation amounts from the federal Department of Health and Human Services (DHHS) and prohibits exceeding the lesser of the requested amount or the amount approved by DHHS.

My initial recommendation for the 1985-87 budget was to establish the CIP rates at \$80.00 and \$82.40 respectively for 1985-86 and 1986-87. During the budget deliberations in the Joint Committee on Finance and the Assembly, I supported a compromise of \$72.35/\$76.58 which was approved in the Assembly version of AB 85.

I have partially vetoed section 896L which would retain current law which sets the rates at \$55 per person in 1983-84 and \$56.38 per person in 1984-85. For 1985-86 and 1986-87, the Department of Health and Social Services would be allowed to set the per person rate at the level approved by the federal Department of Health and Human Services. However, I will direct DHSS to set the rates at an average of \$66/\$69 for 1985-87 or the rates approved by DHHS, whichever is less. These rates reflect a compromise between the versions of each house.

The higher anticipated CIP rate based on the federal approval is expected to allow DHSS to increase CIP placements from 120 to 160 over the biennium. Remaining with the Legislature's version of \$60.00/\$62.40 would, to a large degree, prohibit parents/guardians of individuals from some urbanized counties — particularly Milwaukee — from participating in this voluntary program in which parents/guardians, counties and the state must work together and agree on any community placement.

Cited segments of 1985 Assembly Bill 85:

SECTION 896L. 46.275 (5) (c) of the statutes is amended to read:

Vetoed
in Part

46.275 (5) (c) The total allocation under s. 20.435 (1) (b) and (o) to any county, or the department under sub. (3r), for services provided under this section may not exceed ~~\$55~~ \$60 per person relocated under the program per day of relocation for fiscal year ~~1983-84~~ ~~1985-86~~ and may not exceed ~~\$56.38~~ \$62.40 per person relocated under the program per day of relocation for fiscal year ~~1984-85~~ 1986-87. The department shall request approval of these allocation amounts from the federal department of health and human services. If the federal department of health and human services

approves a lesser allocation amount than that requested for approval, the allocation amount for services provided under this section per person relocated under the program per day of relocation for fiscal years 1985-86 and 1986-87 may not exceed the lesser amount so approved by the federal department of health and human services. A county may use funds received under this section only to provide services to persons who meet the requirements under sub. (4) and may not use unexpended funds received under this section to serve other developmentally disabled persons residing in the county.

Subject Area: 1. HUMAN SERVICES

Item 1-E: County IM Administration

Governor's written objections.

Sections 436 and 1048g

I am committed to property tax relief through greater state sharing with the counties in the cost of administering federally mandated public assistance programs. My original budget recommendation included a \$5.98 million

increase in funding for county income maintenance administration. These sections inadvertently created a situation which would prohibit the allocation and distribution of the full amount of funding provided by the Legislature. In order to maintain my commitment, I have vetoed language in these sections that may reduce the funds committed to county property tax relief.

Cited segments of 1985 Assembly Bill 85:

SECTION 436. 20.435 (4) (de) 1 of the statutes is amended to read:

20.435 (4) (de) 1. The amounts in the schedule for reimbursement payment distribution under s. 46.032 for county administration of public assistance benefits and medical assistance eligibility determination. Payments may be made from this appropriation to counties under s. 46.25 (10) (c) and to agencies under contract with the department for administration of relief to needy Indian persons under ss. 49.046 and 49.047. Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the department may transfer funds between fiscal years under this paragraph. ~~Funds received by a county which are distributed as payments by the department under s. 46.032 in accordance with the reimbursement method established under s. 49.52 (1) (a) and not spent or encumbered by the county on or before December 31 of any year shall lapse to the general fund on the succeeding January 1. The department may transfer funds so returned to this appropriation under s. 49.52 (1) (ag) 6 and 8 between~~

**Vetoed
in Part**

calendar years. Notwithstanding ss. 20.001 (4) and (5), the department may use the funds it transfers to distribute payments to a county in accordance with the reimbursement method set forth under s. 49.52 (1) (ag) 6 and 7.

SECTION 1048g. 49.52 (1) (ag) of the statutes is created to read:

49.52 (1) (ag)

4. A county's percentage share of county funds matched to federal funds by all counties in 1984, constitutes the county's percentage share of ~~\$1,974,000~~ **Vetoed in Part** appropriated under s. 20.435 (4) (de) in 1985-86 and is added to the county's allocation in 1986.

5. A county's percentage share of county funds matched to federal funds by all counties in 1984, constitutes the county's percentage share of ~~\$1,059,000~~ **Vetoed in Part** appropriated under s. 20.435 (4) (de) in 1986-87 and is added to the county's allocation for the first 6 months of 1987.

Subject Area: 1. HUMAN SERVICES

Item 1-F: CER Modifications

Governor's written objections.

Sections 1979u, 1980e, 1980h, 1980L, 1980o and 1980t

There are several technical modifications that I have made to the CER program which include:

Reference to the Hospital Rate-Setting Commission. This section was repealed with the repeal of the CER, and was omitted when the CER program was reestablished later in the budget process. This section deals specifically with the linkage of CER and the Hospital Rate-Setting Commission relating to capital expenditures by hospitals and the relation of these expenditures on hospital rates. A veto of the repeal of this section would reestablish this critical link; and would correct a technical error that was made at the time of the drafting of this language.

Services Subject to Automatic Review. This section requires a review of hospital projects that instituted both cardiac surgery and catheterization simultaneously. If these cardiac programs are phased in or implemented at different times, they are individually exempt from CER review. In practice, these two types of projects are phased in, and therefore, under this language would be exempt from CER review. A veto of this section would result in the cardiac program (whether surgery, catheterization, or both) being subject to CER review.

Exemptions from CER. This section allows hospital mergers and consolidations to be exempt from CER. In addition, this section would allow for some acquisitions and capital expenditures made subsequent to the merger or consolidation to be exempt from CER as well. Current law exempts hospital mergers and consolidations from review under CER, unless there is legal consideration which establishes that the merger or consolidation itself represented an acquisition. Acquisitions and capital expenditures by hospital merger or consolidation should not be exempt from review under CER because the purpose of CER is to control unnecessary growth of hospitals and hospital services. Therefore, I have vetoed this section, which would reestablish current law.

Thresholds for Capital Expenditures. This section establishes a \$1,000,000 capital expenditure limit on a hospital's expansion of its floor space. In addition, this section establishes a \$1,500,000 limit on hospital expenditures which would either convert to a new use or would renovate part or all of the hospital. I have vetoed the section that relates to the limit on expansion of hospital floor space, but have retained the limit of \$1,000,000. This would allow the Department of Health and Social Services to review any hospital project that exceeds the \$1,000,000 limit, rather than review of only those projects that would expand a hospital's floor space and may result in an expenditure that is greater than \$1,000,000. Under current law, DHSS reviews hospital projects that exceed \$600,000. This veto would allow DHSS to continue to review the full range of projects which exceed the \$1 million threshold. An exception to this limit is the \$1,500,000 limit for conversion to new use or the renovation of all or part of a hospital.

Moratorium. This section specifies that there will be a moratorium on the relocation of hospitals, except if the relocation is a result of a hospital merger or consolidation, and the construction of new hospitals. In addition, this section prohibits any hospital from adding to its approved bed capacity, even if this additional bed capacity is the result of a hospital merger or consolidation. Currently, a hospital's approved bed capacity is based on the State Medical Facilities Plan for specific general acute care areas in the state. Therefore, additional overall bed capacity within a given general acute care area would not be approved. Moreover, if there were a hospital merger or consolidation that resulted in additional bed capacity at one facility this would not be permissible. Therefore, I have vetoed the language that relates to the prohibition of additional bed capacity because additional bed capacity may be warranted in the event of a hospital merger or consolidation.

Cited segments of 1985 Assembly Bill 85:

SECTION 1979u. 150.61 (2) of the statutes is repealed and recreated to read:

Vetoed in Part 150.61 (2) Implement an organ transplant program, burn center, neonatal intensive care program, cardiac surgery and catheterization program or air transport services or add psychiatric or chemical dependency beds.

Vetoed in Part SECTION 1980e. 150.61 (4) of the statutes is amended to read:

Vetoed in Part 150.61 (4) Purchase Except as provided in s. 150.61 (2), purchase or otherwise acquire a hospital

SECTION 1980h. 150.613 of the statutes is created to read:

Vetoed in Part 150.613 Exemptions from capital expenditure review. ~~(N)~~ A person may obligate for a capital expenditure, by or on behalf of a hospital, without obtaining the approval of the department if the expenditure is for heating, air conditioning, ventilation, electrical systems, energy conservation, telecommunications, computer systems or nonsurgical outpatient services, unless any of the above is a constituent of another project reviewable under s. 150.61 or unless expenditures for any of the above would exceed 20% of a hospital's gross annual patient revenue for its last fiscal year.

Vetoed in Part (2) A person may obligate for a capital expenditure, by or on behalf of a hospital, or purchase or otherwise acquire a hospital without obtaining the approval of

~~the department if the expenditure, purchase or acquisition is for the purpose of accomplishing a merger or consolidation, unless the merger or consolidation is otherwise subject to approval under s. 150.61 (2), (3), (5) or (6).~~

Vetoed in Part

SECTION 1980L. 150.615 of the statutes is created to read:

150.615 Thresholds for capital expenditures. (1) ~~If~~ the capital expenditure under s. 150.61 (1) is to expand a hospital's floor space, as determined by the department, the limit shall be \$1,000,000.

Vetoed in Part

(2) If the capital expenditure under s. 150.61 (1) is to convert to a new use or to renovate part or all of a hospital, the limit shall be \$1,500,000.

SECTION 1980o. 150.62 of the statutes is created to read:

150.62 Moratorium. Notwithstanding any other provision of this chapter, from the effective date of this section [revisor inserts date], to July 1, 1988, no person may obligate for a capital expenditure, by or on behalf of a hospital, to relocate a hospital, except to relocate a hospital as a result of a consolidation or merger, or to establish a new hospital under s. 150.61 (1), nor may any person add to a hospital's approved bed capacity under s. 150.61 (5).

Vetoed in Part

SECTION 1980r. 150.69 (10) of the statutes is repealed.

Vetoed in Part

Subject Area: 1. HUMAN SERVICES

Item 1-G: Hospital Conversion to Nursing Home Beds

Governor's written objections.

Section 1979c

This section allows general acute care hospitals to be permanently and completely converted to licensed nursing homes if: (1) they have an approved bed capacity of 25 or fewer beds; and (2) they are directly affiliated with a licensed nursing home. This provision sets a statewide limit of 50 on the number of bed conversions. Moreover, facilities may not create more nursing home beds than the number of hospital beds that existed at that facility. Lastly, these bed conversions are limited to those counties where: (1) the average occupancy rate of the nursing homes in that county is greater than 93 percent; and (2) the nursing home bed utilization rate is below the statewide average.

Currently, the state has an excess number of nursing home beds. The statewide nursing home bed limit has been maintained at last biennium's level of 55,471 with the Department of Health and Social Services having the authority to lower the bed cap with the reduction of licensed nursing home beds. This provision added to AB 85 represents special legislation aimed at helping a particular hospital which is experiencing financial difficulties. Conversion of beds to a nursing home would help this hospital's financial situation. The Department of Health and Social Services has successfully maintained the statewide nursing home bed cap for the past several years. The county in which this particular hospital is located had 1,580 nursing home beds in 1984, with 1,458 beds occupied. The 122 vacant nursing home beds (an eight percent vacancy rate) means that allowing a 25-bed hospital to convert to a nursing home would only add to the current number of vacant beds and result in an overall decrease in the average occupancy rate of beds in this county. Therefore, I have vetoed this section because it establishes a precedent for conversions to nursing homes that is contrary to the actual nursing home bed need in the state. In addition, I have directed the Department of Administration to hold in unallotted reserve \$313,000 GPR from the Medical Assistance appropriation, to be lapsed to the general fund.

Cited segments of 1985 Assembly Bill 85:

SECTION 1979c. 150.31(2m) of the statutes is created to read:

Vetoed in Part

150.31 (2m) (a) The department may increase the statewide bed limit specified in sub. (1) by not more than 50 beds to permit the permanent and complete conversion of a hospital to a nursing home if all of the following apply:

- 1. On the effective date of this subdivision ... [revisor inserts date], the hospital seeking conversion:
 - a. Had an approved bed capacity of not more than 25 beds.
 - b. Shared facilities and staff with a nursing home licensed under s. 59.03 (4) or (4m).

2. At the time of the closure either of the following exists:

Vetoed in Part

- a. The number of nursing home beds utilized by each 1,000 persons 65 years of age or over in the county is less than that of the statewide average of nursing home beds utilized by each 1,000 persons 65 years of age or over.
- b. The total occupancy level for the nursing homes in the county is more than the statewide average nursing home occupancy rate.
- (b) The approved bed capacity of a nursing home to which a hospital has been converted under this subsection may not exceed the approved bed capacity of the hospital before conversion.

Subject Area: 1. HUMAN SERVICES

Item 1-H: Addition of Psychiatric Beds Under Chapter 150

Governor's written objections.

Section 1980om

This section allows the approval of any hospital project, under chapter 150 (the Capital Expenditure Review Program), if: (1) the hospital's application for approval has been declared complete before January 1, 1985; (2) the project has not been approved by the effective date of this act; and (3) the project would result in a net reduction of the hospital's beds.

I have vetoed this section because it establishes a precedent for exemptions under CER which undermine the purpose of the CER program. In general, one purpose of CER is to control the growth rate of hospital and psychiatric beds in the state, as determined by the State Medical Facilities Plan. Currently, the state has an excess number of psychiatric beds. Statistics from the Department of Health and Social Services indicate that in 1984, Wisconsin had an average of 1,572 psychiatric beds. This is 678 beds more than the 894 beds determined to be needed in the state.

This section was added to AB 85 to help a particular hospital in the state. This hospital sought approval under the CER program for additional psychiatric beds. After much study, the proposal was not approved because the number of psychiatric beds available in this service area significantly exceeded the number needed (465 available; 219 needed).

Since no new information has been identified which would change this decision, I see no reason to approve the request through legislation. Doing so would be contrary to state efforts to eliminate unnecessary and duplicative health services in order to control costs for health consumers.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part

~~SECTION 1980om. 150.625 of the statutes is created to read:
150.625 Psychiatric beds. Nothing in this chapter or in any rules promulgated under this chapter shall result in disapproval of any project by a hospital to add psychiatric beds, if all of the following conditions are met:~~

- ~~(1) The hospital's application for approval of the project has been declared complete before January 1, 1985.~~
- ~~(2) The project has not been approved by the effective date of this subsection ... [revisor inserts date].~~
- ~~(3) The project would result in a net reduction of the hospital's beds.~~

Vetoed in Part

Subject Area: 1. HUMAN SERVICES

Item 1-I: Pregnancy Counseling Services

Governor's written objections.

Section 1969h

This section restricts the Department of Health and Social Services from making grants from appropriation s.20.435(1)(eg), Pregnancy Counseling Services, to any individuals or organizations which perform, refer, advertise or encourage the practice of abortion. Further, the provision requires the Department to give preference in awarding grants to groups and individuals who do not receive funding under s. 20.435 (1)(f), Family Planning. The intent of the Pregnancy Counseling Services appropriation is to provide funding to implement the

recommendations of the Legislative Council's Special Committee on Pregnancy Options which is charged with the task of finding suitable alternatives to abortion. The effect of this particular portion of Section 1969h would be to unduly restrict the options available for the Special Committee's consideration. Therefore, I have made a partial veto of this section in order to maintain the funding, but lift the specific restrictions on the use of funds in s.20.435(1)(eg). My veto would still allow for the restriction that these grants may not be used for abortions. With this latter exception, this veto restores the language to the Joint Committee on Finance version.

Cited segments of 1985 Assembly Bill 85:

SECTION 1969h. 146.75 of the statutes is created to read:

Vetoed in Part

146.75 Pregnancy counseling services. The department shall make grants from the appropriation under s. 20.435 (1) (eg) to individuals and organizations to provide pregnancy counseling services. The department shall make grants available to assist women with problem pregnancies in order that their pregnancies might be carried to term and assist women after their children have been born so that the women and their

~~children might become productive independent contributors to family and community life. The department shall give preference for grants to accomplish these purposes to organizations which do not receive grants under s. 20.435 (1) (f). For a program to be eligible under this section, an applicant must demonstrate that moneys provided in a grant under s. 20.435 (1) (eg) will not be used to perform an abortion, to refer for an abortion, to advertise abortion, to assist or to encourage any individual to procure an abortion or to coordinate any abortion service.~~

Vetoed in Part

Subject Area: 1. HUMAN SERVICES

Item 1-J: Nursing Home Appeals Board Grants

Governor's written objections.

Section 3023(12)(b)

This section established facility grants of \$1.5 million in FY 1986 and \$1 million in FY 1987 to the Nursing Home Appeals Board for applicant nursing homes that: (1) have at least 70 percent developmentally disabled or chronically mentally ill residents; (2) have an operating deficit in direct care; (3) have 90 percent or more Medicaid residents; (4) have demonstrated efforts to contain costs; and (5) have demonstrated performance of a study to reduce all or part of the facility's operations. There are additional criteria based on lower percentages of developmentally disabled or chronically mentally ill residents which include specific phasing down of geriatric beds of the facility by a preestablished amount.

I have partially vetoed the language in this section that explicitly defines the percentages of developmentally disabled or chronically mentally ill residents that an applicant facility must have in order to receive a grant. Such arbitrary percentages of difficult-to-care-for patients as a basis for award determinations are inappropriate. My veto of this section will result in facility grants being awarded to nursing homes that meet the criteria listed above, without reference to the specific percentage of developmentally disabled or chronically mentally ill. The second set of criteria includes the first set but adds that the facility is willing to phase down some of its beds, to be determined according to criteria developed by DHSS. Broadening the language in this way will enhance the flexibility of both the state and nursing home administrators applying for these grants. In addition, this will allow the state to tailor assistance to meet local conditions.

Cited segments of 1985 Assembly Bill 85:

SECTION 3023. Nonstatutory provisions; health and social services.

(12) FACILITY PAYMENT.

(b) Facility grants. From the appropriation under section 20.435 (1) (d) and (na) of the statutes, the department of health and social services may under section 49.45 (6m) (f) of the statutes, as created by this act, make available grants of funds of up to \$1,500,000

in fiscal year 1985-86 and of up to \$1,000,000 in fiscal year 1986-87 to a facility as defined under section 49.45 (6m) (a) 2 of the statutes, as created by this act. Receipt of these funds by a facility is contingent upon departmental approval of an application solicited by the department of health and social services through a process of requests for proposals from a facility that meets one of the following requirements:

Vetoed in Part 1. Of the total number of residents of the facility, at least 70% must be developmentally disabled or mentally ill and each of the following applies:

a. The facility has an operating deficit, as defined under criteria developed by the department of health and social services, directly related to payment received for patient care.

b. Of the residents of the facility, 90% or more receive services or items funded under sections 49.45 to 49.47 of the statutes.

c. The facility demonstrates efforts to contain costs.

d. The facility demonstrates performance of a study of methods to reduce part or all of the facility's operations.

Vetoed in Part 2. Of the total number of residents of the facility, at least more than 60% and less than 71% must be developmentally disabled or mentally ill and each of the following applies:

a. The facility meets the criteria under subdivision 1. a to d.

b. The facility agrees to reduce its bed capacity, within a period of time specified by the department of health and social services, by a number that is not less than 5% of the total number of beds of the facility that are occupied by residents who are geriatric patients, as defined under criteria developed by the department of health and social services.

Vetoed in Part

3. Of the total number of residents of the facility, at least more than 40% and less than 60% must be developmentally disabled or mentally ill and each of the following applies:

a. The facility meets the criteria under subdivision 1. a to d.

b. The facility agrees to reduce its bed capacity, within a period of time specified by the department of health and social services, by a number that is not less than 10% of the total number of beds of the facility that are occupied by residents who are geriatric patients, as defined under criteria developed by the department of health and social services.

Vetoed in Part

Subject Area: 1. HUMAN SERVICES

Item I-K: County Match for Mental Health Gatekeeper Program

Governor's written objections.

Section 1093

This section requires county matching funds for specified allocations under the Community Aids program, including mental health expenditures for Medical Assistance clients — a program known as the "mental health gatekeeper." I have vetoed the cross-reference in this section which requires county matching funds for the "mental health gatekeeper" program. Counties have not been required to provide matching funds for this program. The matching requirement in Assembly Bill 85 was included inadvertently. A match of these funds, which are intended to cover s.51.42 Boards' liability for authorized Medical Assistance services, would be inappropriate. My veto will correct this error, and maintain desirable policy and practice regarding local matching under the "mental health gatekeeper" program.

Cited segments of 1985 Assembly Bill 85:

SECTION 1093. 51.42 (8) (b) of the statutes is amended to read:

51.42 (8) (b) From the appropriations under s. 20.435 (4) (b) and (o), the department shall allocate the funding for services provided or purchased by boards created under this section or s. 46.23 or 51.437, to boards created under this section or s. 46.23 or 51.437 as provided under 1983 Wisconsin Act 27, section 2020 (6) (a) and (c). For the period from January 1, 1984, to June 30, 1985, the 1985 Wisconsin Act ... (this act), section 3023 (3). County matching funds are required for the allocations under 1985 Wisconsin Act ... (this act), section 3023 (3) (a), (as), (bm), (g),

(h), (i), (km), (L), (n) and (qr). The ratio of state and federal funds to county matching funds shall equal 91 to 9. Matching funds may be from county tax levies, federal and state revenue sharing funds or private donations to the county that meet the requirements specified in par. (bd). Private donations may not exceed 25% of the total county match. If the county match is less than the amount required to generate the full amount of state and federal funds allocated for this period, the decrease in the amount of state and federal funds equals the difference between the required and the actual amount of county matching funds.

Vetoed in Part

Subject Area: 1. HUMAN SERVICES

Item 1-L: Group Home Surplus Funds Carryover

Governor's written objections.

Section 809r

This section provides that group homes or certain community living arrangements, under contract with county social services departments, may apply "surplus revenues" against deficits in the preceding year or the succeeding year. Carryover would be authorized for up to five percent, but not more than \$5,000, of "surplus revenue." I have vetoed this section, to avoid what would otherwise be exceptional, unwarranted treatment of certain types of service providers. This veto retains current law governing purchase of service contracts, including provisions for payments based on actual allowable costs or unit rates per client. Concerns about purchase of service contracts should be addressed through more comprehensive statutory revisions. The Department of Health and Social Services is submitting a comprehensive revision of s.46.036 this fall, to address such issues as balance and fairness among types of vendors regarding purchase of social service agreements.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 809r. 46.036 (5m) of the statutes is created to read: 46.036 (5m) Notwithstanding subs. (3) (b) and (5) and s. 49.52 (1), if a service provider under this section that is a group home as defined under s. 48.02 or that is a community living arrangement as defined under s. 46.03 (22) with a capacity for 8 or fewer persons renews a contract for service with a purchaser, the provider: (a) May, if revenue exceeds actual allowable costs for that contractual period, do one of the following:

1. Apply up to 5%, but not more than \$5,000, of revenue, in order to cover a deficit incurred in meeting actual allowable costs in the preceding contract year. **Vetoed in Part**
2. Retain up to 5%, but not more than \$5,000, of revenue, in order to cover a deficit incurred in meeting actual allowable costs in the succeeding contract year.
(b) Shall, if actual allowable costs do not exceed revenue in the succeeding contract year, return to the purchaser the amount retained under par. (a) 2.

Subject Area: 1. HUMAN SERVICES

Item 1-M: Community Options Program Waiver Requirement

Governor's written objections.

Section 896am

This section requires DHSS to request federal approval of a waiver under the Medical Assistance program, related to Wisconsin's Community Options Program (COP). A number of specific conditions are applied to the required waiver application, including an average monthly service allowance not to exceed \$539, for persons to be covered by the waiver. I have vetoed the language in s.46.27(11)(c)4, which limits the average monthly service allowance to a maximum of \$539. I believe such a ceiling would greatly reduce our ability to serve high-cost clients under COP and would largely negate programmatic benefits of a waiver.

In an effort to accommodate legislative concerns expressed by the \$539 ceiling, I am directing DHSS to apply for the waiver embodied by this section, but to include average monthly service allowances of \$670 for 1985-86 and \$682 for 1986-87. These levels provide a reasonable middle-ground, between the legislatively approved levels and my original request of \$800 for 1985-86 and \$824 for 1986-87. My original proposal authorized higher allowances for persons meeting skilled nursing level of care requirements, with lower levels for persons meeting intermediate level of care requirements. This two-tiered approach should be incorporated by DHSS within the

allowances I have suggested here. With this veto, fiscal savings can accrue to the state and higher-cost clients can be served, assuming federal approval of Wisconsin's proposed waiver application.

Cited segments of 1985 Assembly Bill 85:

SECTION 896am. 46.27 (11) of the statutes is created to read:

46.27 (11) MEDICAL ASSISTANCE WAIVER.

(c) The following conditions apply under the waiver:

~~4. In state fiscal year 1985-86 and in state fiscal year 1986-87, the statewide average per person per month reimbursement for services provided under this subsection shall not exceed \$539.~~

Vetoed in Part

Subject Area: I. HUMAN SERVICES

Item I-N: Allocation of New Categorical Funding for the Developmentally Disabled

Governor's written objections.

Section 3023(3)(qr)

This section requires DHSS to use a specified formula, to be promulgated by rule, to allocate \$2 million in Community Aids funds for the expansion of community-based programs for the developmentally disabled. The allocation would be based on three factors — number of persons on waiting lists for services; estimated amount of funds needed to serve persons on waiting lists; and the amount by which county expenditures exceeded their required Community Aids match.

I have vetoed the requirements that DHSS promulgate a formula by rule; and that one of the formula factors must be based on the estimated amount of funds needed to serve persons on waiting lists. Even under the emergency rule process, it would not be possible to promulgate rules in time for DHSS to allocate funds, or for counties to adequately plan for the expenditure of these funds in calendar year 1986. Also, I have serious concerns about the reliability and comparability of waiting list data. These concerns are compounded by the proposed formula because it necessitates counties to estimate both the number of persons on waiting lists and the funding required to serve them — both of which are highly subjective. Therefore, I have vetoed the most subjective factor — the estimated funding needed to serve persons on waiting lists. I am directing DHSS to develop a more reliable need-based formula factor to replace this after consulting with a variety of interested persons, including advocates for the developmentally disabled, representatives of counties, and legislators.

Cited segments of 1985 Assembly Bill 85:

SECTION 3023. **Nonstatutory provisions; health and social services.**

(3) COMMUNITY AIDS FUNDING.

(qr) *Community-based programs for the developmentally disabled.* For expansion of community-based programs for the developmentally disabled, the department of health and social services shall allocate not more than \$1,320,100 for 1986 and not more than \$679,900 for the first 6 months of 1987. The department of health and social services shall allocate to counties for these periods amounts determined under

~~a formula that shall be promulgated by rule by the department using the following calculation:~~

Vetoed in Part

~~2. One third of the total amount allocated to each county for 1986 or for the first 6 months of 1987 shall be based on the ratio that the funds, if any, estimated to be necessary to provide services to persons in that county who are on a waiting list as specified under subdivision 1 has to the funds estimated to be necessary to provide services to persons on waiting lists for services to the developmentally disabled in counties statewide.~~

Vetoed in Part

Subject Area: 1. HUMAN SERVICES

Item 1-O: AODA/Mental Health Insurance Benefits — Sunset Provision

Governor's written objections.

Section 2335

This section establishes a sunset on AODA/mental health insurance benefit levels, effective June 30, 1987. The establishment of the sunset was intended to focus future discussion on a reexamination of minimum AODA/mental health benefit levels. While I agree that this area needs periodic reexamination, I do not feel that such reexamination warrants a sunset in this case. The requirements for the provision of AODA/mental health benefits have existed since the mid-1970's. These benefits are important in the delivery of services which may otherwise not be accessible to persons requiring treatment for alcohol and other drug abuse or mental illness.

These benefit levels represent an important policy issue. If the decision is to be made to delete or reduce these benefit levels, this should be done as an affirmative decision not as a decision by omission. Therefore, I have vetoed the sunset provision regarding AODA/mental health insurance benefit levels.

Cited segments of 1985 Assembly Bill 85:

SECTION 2335. 632.89 (2) of the statutes is repealed and recreated to read:

632.89 (2) REQUIRED COVERAGE.

~~Yet sunset Paragraphs (a) to (d) do not apply to group disability policies, joint contracts and other contracts issued or renewed on or after July 1, 1987.~~

**Vetoed
in Part**

Subject Area: 1. HUMAN SERVICES

Item 1-P: Minority Counselor Training Stipends

Governor's written objections.

Section 3023(3)(qq)

This section requires DHSS to allocate \$125,000 to providers of alcohol and drug abuse treatment services, to be used for stipends of up to \$2,500 each for training for up to 56 minority alcohol and drug abuse counselors. DHSS is further required to develop guidelines for the distribution of these stipends.

I have partially vetoed this section, to broaden the category of service providers to receive funding beyond those providing "treatment;" to remove the restriction that funds be used for stipends; and to remove the requirement that DHSS is to develop guidelines for distributing stipends. This veto will enable funds to be used in a variety of ways to provide training to minority alcohol and drug abuse counselors needing to achieve certification, rather than being restricted to use as stipends. The result of this veto will be more effective use of funds provided to help minority alcohol and drug abuse counselors achieve certification.

Cited segments of 1985 Assembly Bill 85:

SECTION 3023. **Nonstatutory provisions; health and social services.**

(3) COMMUNITY AIDS FUNDING.

(qq) *Minority alcohol and drug abuse training project.* For training of minority alcohol and drug

abuse counselors, the department of health and social services shall allocate directly to providers of alcohol and drug abuse ~~treatment~~ services not more than \$41,700 in fiscal year 1985-86 and not more than \$83,300 in fiscal year 1986-87. The moneys allocated shall be used ~~for stipends of not more than \$2,500 per~~

**Vetoed
in Part**

Vetoed in Part

~~person~~ for the cost of providing up to 41 currently employed counselors with up to 2,002 hours of classroom training to achieve counselor certification and up to 15 entry level counselors with up to 2,385 hours of classroom training and up to 24 months training on the job to achieve counselor certification. The funds allocated by the department of health and social services under this paragraph are for the purpose of expanding existing minority training and may not be

used to supplant existing funding for minority training. The department of health and social services shall develop guidelines for the distribution of these stipends. Notwithstanding section 16.75 of the statutes, the department of health and social services may enter into a contract under this paragraph without soliciting bids or proposals and without accepting the lowest responsible bid or offer.

Vetoed in Part

Subject Area: 1. HUMAN SERVICES

Item 1-Q: Allocations to Community Action Agencies and Organizations

Governor's written objections.

Sections 898v and 898x

These sections define "limited purpose agency," and provide for the allocation of Community Services Block Grant (CSBG) funds among community action agencies and organizations and limited purpose agencies. I have partially vetoed these sections, to restrict the definition of "limited purpose agency" to only statewide organizations; to remove the requirement that community action agencies are to receive at least 90 percent of CSBG funds; and to remove language requiring certain allocations and procedures for limited purpose agencies. By restricting the definition of limited purpose agency to only statewide organizations, CSBG funds will be targeted to organizations with the greatest potential for addressing broadly-based problems associated with poverty. In addition, my veto will enable allocations to be generally consistent with recent practice and with the department's proposed block grant plan for 1986. Under the 1986 plan, CSBG funds would be allocated 86 percent to community action agencies, 4 percent to migrant organizations, 4 percent to tribes, 2.5 percent to limited purpose agencies, and 3.5 percent for state administration.

Cited segments of 1985 Assembly Bill 85:

SECTION 898v. 46.30 (1) (a) of the statutes is created to read:

Vetoed in Part

46.30 (1) (a) "Limited-purpose agency" means a private, nonprofit organization that is ~~one of the~~ following:

Vetoed in Part

1. A statewide organization whose project has statewide impact.

2. An organization whose project is replicable in communities in the state.

SECTION 898x. 46.30 (4) (b) of the statutes is amended to read:

46.30 (4) (b) The department shall allocate at least 90% of the funds received under 42 USC 9903 to com-

~~munity action agencies and If organizations other than community action agencies are funded, the organizations shall include limited purpose agencies. The number of limited purpose agencies so funded shall include at least one organization that meets the definition under sub. (1) (a) 1. No limited purpose agency may be denied the opportunity to apply for this funding. Beginning January 1, 1986, the percentage of total funds allocated under this section for limited purpose agencies may not exceed the percentage of total funds allocated under this section for limited purpose agencies in the previous calendar year.~~

Vetoed in Part

Subject Area: 1. HUMAN SERVICES

Item 1-R: Primary Care Program

Governor's written objections.

Sections 1970jm and 3023(23s)

These sections provide statutory authorization for the Primary Care Program, which provides medical care to recently unemployed workers and their families. However, the authorizing language would restrict the program exclusively to outpatient services although the program at present covers inpatient maternity services. I have vetoed the reference to outpatient services to allow the program to continue to cover both outpatient and inpatient medical services.

In addition, the language restricts program participation to those counties experiencing "the *highest* unemployment rate," (emphasis added) which may prohibit some counties from continuing in the program. This was not anyone's interest or intent. I have made a partial veto to ensure that counties with *high* unemployment continue to participate in the Primary Care Program.

Cited segments of 1985 Assembly Bill 85:

SECTION 1970jm. 146.93 of the statutes is created to read:

Vetoed in Part 146.93 ~~Outpatient~~ primary care program. (1) (a) The department shall develop and implement a program for the provision of ~~outpatient~~ primary health care services for the period beginning October 1, 1985, to June 30, 1986. The department may promulgate rules necessary to implement the program.

Vetoed in Part (b) The program shall be modeled on any ~~outpatient~~ primary health care programs in existence on June 30, 1985, and shall, to the extent possible, utilize any available program resources available from any such programs.

Vetoed in Part (2) The program under sub. (1) (a) shall provide ~~outpatient~~ primary health care, including diagnostic laboratory and X-ray services, prescription drugs and nonprescription insulin and insulin syringes.

Vetoed in Part (3) The program under sub. (1) (a) shall be implemented in those counties with ~~the highest~~ unemploy-

ment rates and within which a maximum of donated or reduced-rate health care services can be obtained.

SECTION 3023. Nonstatutory provisions; health and social services.

(23s) HEALTH CARE PROGRAMS. (a) The department of health and social services shall utilize all federal block grant funds that are available for the purpose of providing ~~outpatient~~ primary health care services to individuals without health insurance or other health care coverage to provide such ~~outpatient~~ primary health care services for the period beginning on the effective date of this paragraph to September 30, 1985.

(b) From the appropriation under section 20.435 (1) (gp) of the statutes, the department of health and social services shall fund ~~outpatient~~ primary care under section 146.93 of the statutes in the amount of \$1,225,000.

Vetoed in Part

Vetoed in Part

Subject Area: 2. EDUCATION

Item 2-A: Children at Risk

Governor's written objections.

Section 1717

This section includes significant changes in definitions and program specifications from those originally proposed in my Children at Risk initiative.

The definitions of "children at risk" and "dropout" have been made excessively restrictive. I have vetoed parts of these definitions to expand them to include more children for whom special attention may be appropriate. At a minimum, school districts must identify children at risk and develop plans describing how their educational needs will be met.

An exemption is also created for small school districts from identifying and planning for their children at risk. I have vetoed the exemption. While some small school districts may consider this requirement somewhat burdensome, the benefits for children at risk far outweigh the minor administrative burden of identification and planning.

This section requires Milwaukee Public Schools (MPS) to contract for services for 30 percent of their at-risk students. The purpose would be to meet the outcome requirements of districts with excessively high dropout rates or numbers of dropouts. I have vetoed this requirement and, instead, have made it permissive. If alternative local services are available and appropriate, MPS may contract with them for up to 30 percent of their at-risk students.

This section specifies that the total of seven types of aid — including equalization aid — shall be used as the basis for determining the amount of incentive aid a district may receive; however, the incentive aid would be paid from the equalization aid appropriation. With a partial veto, I have eliminated five of the aid categories forming the basis of this incentive aid and, instead, have left equalization aid and supplemental state aid, s.20.255(2)(ac) and (an), as the basis upon which average per pupil aid is determined. I have taken this action for fiscal and equalization reasons. Equalization assistance represents over 80 percent of all state school aid and is a sufficient basis upon which to compute the incentive aid. To provide more would be excessive and disqualifying in that it would draw more heavily from the equalization appropriation leaving less to be distributed as direct equalization assistance to all other school districts.

This section also specifies an aid penalty for failure to achieve performance outcomes. This provision is prematurely punitive and would likely translate into less services for children. I have therefore vetoed it. The incentive aid should be sufficient to encourage improvements and should be given a chance to work.

Cited segments of 1985 Assembly Bill 85:

SECTION 1717. 118.153 of the statutes is created to read:

118.153 Children at risk. (1) In this section:

Vetoed in Part

(a) "Children at risk" means dropouts, pupils who have been absent from school for 60 school days or more without acceptable excuses under s. 118.15 (1) (b) to (d) or (3), pupils who are parents and pupils who have been adjudicated delinquent, who are either

Vetoed in Part

one or more years behind their age group in the number of credits attained, or

Vetoed in Part

two or more years behind their age group in basic skill levels.

(b) "Dropout" means a child who ceased to attend school in the previous school year, continues to reside in the school district, does not attend a public, private or vocational, technical and adult education district school or home-based private educational program on a full-time basis by the beginning of the school term of

~~the current school year~~, has not graduated from high school and does not have an acceptable excuse under s. 118.15 (1) (b) to (d) or (3).

Vetoed in Part

(2) (a) By August 15, 1986, and annually thereafter, every school board shall identify the children at risk who are enrolled in the school district and develop a plan describing how the school board will meet the needs of such children through curriculum modifications and alternative programs that meet the high school graduation requirements under s. 118.33. The plan shall also describe how remedial instruction, parental involvement and pupil and community support services will be used to meet the needs of the children at risk. This paragraph does not apply to any school district with a membership of 600 or less if the school district had less than 50 dropouts in the previous school year and a dropout rate of less than 5% of its total high school enrollment.

Vetoed in Part

(3)

**Vetoed
in Part**

~~(c) 1. Except as provided under subd. 2, the school board of a school district operating under ch. 119 shall determine that appropriate private, non-profit, nonsectarian agencies are located in the school district, contract with such agencies to meet the requirements under pars. (a) and (b) for 30% of the children at risk enrolled in the school district.~~

**Vetoed
in Part**

2. The school board may contract with the agencies described under subd. 1 for less than 30% of the children at risk enrolled in the school district if the school board determines that the agencies cannot adequately serve 30% of such children.

(4)

(b) 1. If upon receipt of a school board's annual report under par. (a) the state superintendent determines that any 3 of the conditions listed under par. (c) existed in the school district in the previous school year, the school district shall receive from the appropriation under s. 20.255 (2) (ac), for each pupil enrolled in the school district's program for children at risk, additional state aid in an amount equal to 10% of the school district's average per pupil aids provided

~~under s. 20.255 (2) (ac), (an), (b), (c), (cg), (cn) and (cr) in the previous school year.~~

~~2. If upon receipt of a school board's annual report under par. (a) the state superintendent determines that fewer than 3 of the conditions listed under par. (c) existed in the school district in the previous school year, the state superintendent shall deduct from the school district's state aid entitlement under s. 20.255 (2) (as), for each pupil enrolled in the school district's program for children at risk, an amount equal to 10% of the school district's average per pupil aids provided under s. 20.255 (3) (ac), (ad), (b), (cd), (cg), (cn) and (cr) in the previous school year. If the school district's aid entitlement under s. 20.255 (2) (ac) is insufficient to permit the full deduction, the state superintendent shall make the balance of the deduction from aids provided under s. 20.255 (2) (an). If the school district's aid entitlement under s. 20.255 (2) (as) and (an) is insufficient to permit the full deduction, the state superintendent shall make the balance of the deduction from aids provided under s. 20.255 (2) (b), (cd), (cg), (cn) and (cr) in proportion to the amount of aid received from each appropriation.~~

**Vetoed
in Part**

Subject Area: 2. EDUCATION

Item 2-B: Directed Allocation of Federal Funds

Governor's written objections.

Sections 211m, 268m, 1687m, 3043(2m) and 3043(2r)

These sections direct the allocation of federal funds to projects which — in three of the four cases — have a distinctly local orientation. Federal handicapped discretionary funding is directed to the Milwaukee, Greenfield and Kenosha school districts, and federal block grant funding is directed at CESAs for regional educational broadcasting service units. I have vetoed each of the four provisions which direct the allocation of these federal funds. While each of the targeted projects may have merit, the selective legislative earmarking of funds alters the current agency application and allocation process. DPI uses federal project eligibility and allocation criteria and specific local needs in determining grant recipients and amounts. The direct allocation of funds on a case-by-case basis sidesteps — and, as a result, weakens — the process by which most applicants receive grants. The Legislature exercises broad oversight of the allocation of federal funds. However, to specify individual projects within larger appropriations for special treatment is not a fair system. I have also vetoed similar provisions directing the Educational Communications Board to allocate funding for CESA regional service units.

In addition, I have directed the Department of Administration to place in unallotted reserve \$60,000 GPR in 1985-86 from the Tuition Aid appropriation (20.255(2)(cg)). This amount was added to offset the loss to Madison of federal handicapped discretionary funding for CWC students because of the directed allocation of \$60,000 of these funds to Kenosha. Since I have vetoed the directed allocation of federal discretionary funds, the supplement to the tuition appropriation is unnecessary.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 200m. 20.225 (1) (f) of the statutes is amended to read:
 20.225 (1) (f) *Programming.* The amounts in the schedule for programming under s. 39.11. Of the amounts in the schedule, \$45,300 annually shall be distributed to cooperative educational service agency regional service units.

Vetoed in Part superintendent shall utilize the remainder of such funds for direct services to handicapped children, except that the state superintendent shall fulfill the terms of existing grants before other projects are funded.

SECTION 3043. Nonstatutory provisions; public instruction.

Vetoed in Part (2m) *COMPREHENSIVE DAY TREATMENT.* The state superintendent of public instruction shall use at least \$60,000 of discretionary federal aid received under 20 USC 1411 (c) (1) A in the 1985-86 school year to fund a comprehensive day treatment program for emotionally disturbed and juvenile delinquent youth operated by the Kenosha unified school district.

(2r) *FAMILY-BASED TRAINING PROGRAMS.* The state superintendent of public instruction shall:

(a) Use \$92,000 of discretionary federal aid received under 20 USC 1411 (c) (1) A in the 1985-86 school year to fund a family-based training program operated by the Milwaukee public school system.

(b) Use \$26,000 of discretionary federal aid received under 20 USC 1411 (c) (1) A in the 1985-86 school year to fund a family-based training program operated by the Greenfield school district.

SECTION 268m. 20.255 (2) (m) of the statutes is amended to read:

20.255 (2) (m) *Federal aids; local aid.* All federal moneys received as authorized under s. 16.54 to aid local governmental units or agencies. Of the moneys received, \$31,000 annually shall be distributed to cooperative educational service agency regional service units.

SECTION 1687m. 115.28 (19) of the statutes is repealed and recreated to read:

115.28 (19) *FEDERAL DISCRETIONARY FUNDS.* Of the discretionary federal aid available under 20 USC 1411 (c) (1) (A), allocate 32.7% in the 1985-86 school year and 34% annually thereafter for school district costs for the education of pupils from the central Wisconsin center for the developmentally disabled. The state

Subject Area: 2. EDUCATION

Item 2-C: Special Adjustment (Hold Harmless) Aids

Governor's written objections.

Section 1776m

This section creates a hold harmless provision for school equalization aid recipients. Beginning in 1985-86, districts meeting aid reduction and equalized value per member criteria are eligible. Beginning in 1986-87, districts receiving 50 percent or less of their previous year's aid are eligible. I have partially vetoed this provision to limit eligibility to districts which meet both aid reduction and equalized value criteria. However, it is also my intention to seek the repeal of this special adjustment aid in the 1987-89 biennial budget. While only a handful of districts will be eligible in 1985-87, an increasing number of districts will be eligible in future biennia. I view this as a one-biennium-only transitional funding mechanism for a very limited number of districts which meet specific eligibility criteria. An ongoing hold harmless provision is contrary to the notion that equalization assistance should be distributed in a manner which reflects each district's relative wealth and spending.

Cited segments of 1985 Assembly Bill 85:

SECTION 1776m. 121.105 of the statutes is created to read:

121.105 Special adjustment aids.

Vetoed in Part (3) Beginning in the 1986-87 school year, if a school district would receive less than 50% of the state aid for

Vetoed in Part the current school year than it received as state aid in the previous school year, its state aid for the current school year shall be increased to an amount equal to 90% of the state aid received in the previous school year. The additional aid shall be paid from the appropriation under s. 20.255 (2) (ac).

Subject Area: 2. EDUCATION

Item 2-D: Kenosha P-3 Program

Governor's written objections.

Section 1763

This section makes the Kenosha school district eligible to receive funds under the special impact incentive fund created for preschool through fifth grade programs in Milwaukee. However, for Kenosha, the added language specifically prescribes preschool through *third* grade programs as being eligible. This runs contrary to the special emphasis of the P-5 program by excluding grades 4 and 5. I have vetoed this qualification on Kenosha's eligibility so that the school district must develop an acceptable proposal which includes preschool through *fifth* grade to receive a grant under this program.

Cited segments of 1985 Assembly Bill 85:

SECTION 1763. 121.03 of the statutes is created to read:

121.03 Grants for preschool to grade 5 programs.
(8) Notwithstanding sub. (1), beginning in the

1986-87 school year, the city of Kenosha school district is eligible to receive grants under this section ~~for~~ **Vetoed in Part**
~~preschool to grade 5 programs~~ in an amount not to exceed \$500,000 each school year.

Subject Area: 2. EDUCATION

Item 2-E: Income-based School Aid Study

Governor's written objections.

Sections 1414m, 3056(10m) and 3203(46)(vy)

This section requires that the Department of Revenue collect school district information on income and franchise tax forms, analyze this data and submit with its 1987-89 budget request a plan to replace the current local property tax funding mechanism with a local income tax. The Department of Public Instruction is required to submit a similar request from a state aid perspective, the Attorney General is required to analyze the legal questions, and the Governor is required to appoint a task force to advise the others of their duties under this provision. This section also provides the Department of Revenue with 0.8 FTE positions and \$84,300 in 1986-87, and requires Revenue's consultation with the Legislative Fiscal Bureau and DPI. Data for taxable year 1986 would be collected.

There are clear advantages to having income data related to school districts for analytical purposes prior to the 1987-89 biennium. Our current total reliance in the school aid formula on property values as a surrogate for wealth does not always reflect ability to pay. This is particularly true for some of our northern school districts. For this reason, I have endorsed the minimum aids provisions contained in this budget. But, I would like to have the opportunity for future action, if warranted, to better incorporate ability to pay into our school aid formula. My vetoes of these sections allow access to the data for such a study, but stop short of replacing property value with income prior to a study. The results of this analysis should be shared with the Legislature.

I have vetoed the requirement that the school district be identified on franchise tax forms because of the difficulties this causes for multi-state, multi-location corporate taxpayers.

I have vetoed the requirement that DOR and DPI submit budget requests with plans to replace the current method of school finance because such a requirement is premature. Without current income data and its analysis, it is inappropriate to conclude that a solely income-based system of school finance is preferable to the current system. A major problem with an income-based system is that income levels can shift dramatically from year to year. Land values, by contrast, generally provide a more stable base from which to derive revenues. These considerations should be addressed as part of a study of the relative merits of property value and income-based funding.

The requirements that the Attorney General analyze the conversion and that the Governor appoint a task force to direct participants in the conversion are also premature.

Finally, I have vetoed the effective date of this provision so that it becomes effective sooner. As presently worded, income data would not be available for review until 1987. It is possible to begin collecting this data as early as taxable year 1985 so review can begin in 1986. This veto would permit incorporation of study results in the 1987-89 budget, if warranted.

Cited segments of 1985 Assembly Bill 85:

SECTION 1414m. 73.03 (29) and (30) of the statutes are created to read:

Vetoed in Part

73.03 (29) To provide on income and franchise tax forms a place for taxpayers to indicate the school district in which they reside or have their principal place of business and information that will assist persons in identifying the correct school district.

SECTION 3056. Nonstatutory provisions; other.

Vetoed in Part

~~NONSTATUTORY SCHOOL FINANCE. (a) Department of revenue. The department of revenue shall submit with its 1987-89 budget request a plan to replace the current funding of primary and secondary education by means of the property tax with funding by means of an income tax on the residents of school districts. That plan shall be as administratively simple as possible.~~

~~(b) Department of public instruction. In its 1987-89 budget request the department of public instruction shall submit a plan to replace the current school aid formula based on property valuation with a formula based on income and shall submit a plan to divert funds from other state property tax relief programs to school aids.~~

~~(c) Attorney general. The attorney general shall analyze the legal questions involved in the conversion~~

~~of school funding from the property tax to an income tax and to report the results of its analysis to the presiding officer of each house of the legislature and to the cochairpersons of the joint committee on finance on or before January 1, 1987.~~

Vetoed in Part

~~(d) Governor. The governor shall appoint a task force to advise the department of revenue in its duties under paragraph (a) and the department of public instruction in its duties under paragraph (b). That task force shall consist of one democratic legislator from each house of the legislature, one republican legislator from each house of the legislature, the secretary of revenue or the secretary's designee, the superintendent of public instruction or the superintendent's designee, a school district administrator, a member of a school board, a public school teacher and one other public member.~~

SECTION 3203. Initial applicability.

(46) REVENUE.

~~(1) School finance. The treatment of section 73.03 (29) of the statutes by this act first applies to taxable year 1986.~~

Vetoed in Part

Subject Area: 2. EDUCATION

Item 2-F: Student Reciprocity Agreement Changes

Governor's written objections.

Sections 702x and 723r

The first section requires that out-of-state students in Wisconsin VTAE institutions under reciprocity agreements must pay at least the rate charged to Wisconsin students attending a school outside their home VTAE district

beginning January 1, 1987. The second section requires that medical, dental, and veterinary students be excluded from the Minnesota Reciprocity Agreement beginning with the class entering in 1986-87.

I am in sympathy with both these provisions. Nevertheless, I have vetoed them because they constitute unilateral changes in negotiated agreements. I am directing the Department of Administration, the Higher Educational Aids Board, and the State Board of Vocational, Technical and Adult Education to renegotiate current reciprocity agreements to incorporate these policies as soon as possible.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 702x. 38.24 (3) (am) of the statutes is created to read: 38.24 (3) (am) Beginning January 1, 1987, any student attending a district school under a reciprocity agreement entered into under s. 39.42 or 39.47 shall, in addition to the fees charged under sub. (1), be charged a fee that is no lower than the fee established under par. (a) 1. The reciprocity agreement shall specify that the parties to the agreement shall maintain records on the number of students attending the schools under reciprocity agreements, their full-time equivalent

count and program and course enrollments of such students and that the agreement is subject to the approval of the joint committee on finance under s. 39.42. SECTION 723i. 39.47 (2m) of the statutes is created to read: 39.47 (2m) The agreement under this section shall exclude medical, dental and veterinary students who initially enroll in public institutions of higher education in either state beginning in the 1986-87 academic year.

Vetoed in Part

Subject Area: 2. EDUCATION

Item 2-G: Wisconsin Higher Education Corporation

Governor's written objections.

Sections 148m, 153m, 2054m, 3056(7) and 3204(56)(c)

These sections subject the Wisconsin Higher Education Corporation (WHEC) to certain provisions of state law that ordinarily apply only to governmental bodies. Also, the WHEC Board is restructured by these provisions to consist of gubernatorial appointees and legislators. The chief executive officer of WHEC would also be a gubernatorial appointee.

WHEC is a private not-for-profit corporation organized under chapter 181 of the Wisconsin Statutes to provide for a guaranteed student loan (GSL) program. The WHEC Board includes four members elected by the gubernatorially-appointed Higher Educational Aids Board. This current governance structure is sufficient for public accountability in the GSL program, and I have therefore vetoed the legislative changes that unduly interfere in the governance and operations of a private corporation.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 148m. 19.32 (1) of the statutes is amended to read: 19.32 (1) "Authority" means any of the following having custody of a record: a state or local office, elected official, agency, board, commission, committee, council, department or public body corporate and politic created by constitution, law, ordinance, rule or order; a governmental or quasi-governmental corporation, any public purpose corporation, as defined in

s. 181.79(1); any court of law; the assembly or senate; a nonprofit corporation which receives more than 50% of its funds from a county or a municipality, as defined in s. 59.001 (3), and which provides services related to public health or safety to the county or municipality; or a formally constituted subunit of any of the foregoing.

Vetoed in Part

Vetoed
in Part

SECTION 153m. 19.82 (1) of the statutes is amended to read:

19.82 (1) "Governmental body" means a state or local agency, board, commission, committee, council, department or public body corporate and politic created by constitution, statute, ordinance, rule or order, a governmental or quasi-governmental corporation, any public purpose corporation, as defined in s. 181.79 (1), or a formally constituted subunit of any of the foregoing, but excludes any such body or committee or subunit of such body which is formed for or meeting for the purpose of collective bargaining under subch. IV or V of ch. 111.

SECTION 2054m. 181.79 of the statutes is created to read:

181.79 Public purpose corporations. (1) Definition. In this section, "public purpose corporation" means any corporation organized under this chapter to provide for a guaranteed student loan program.

(2) BOARD OF DIRECTORS. (a) Appointment. The board of directors of every public purpose corporation shall consist of 7 members appointed as follows:

1. Five members shall be public members, nominated by the governor, and with the advice and consent of the senate appointed for staggered 4-year terms.

2. One member shall be a senator and one member shall be a representative to the assembly, appointed as are the members of standing committees in their respective houses.

(b) Removals and vacancies. Notwithstanding ss. 181.20 (4) and 181.21, the removal of a director from office and filling of a vacancy occurring in the board of directors shall be governed by ss. 17.07 and 17.28.

(3) CHIEF ADMINISTRATIVE OFFICER. The chief administrative officer of every public purpose corporation shall be nominated by the governor, and with the advice and consent of the senate appointed, for a 2-year term.

(4) COMPENSATION. Directors of public purpose corporations shall receive no compensation for services but shall be reimbursed for necessary expenses, including travel expenses, incurred in the discharge of duties; such reimbursement in the case of a legislator member of the board of directors to be paid by the legislature. The annual compensation of any employee of a public purpose corporation, including the chief administrative officer of the corporation, may not exceed the maximum of a salary range recommended by the secretary of employment relations and approved by the joint committee on employment rela-

tions in accordance with the procedure prescribed under s. 20.923 (4).

(5) PURCHASING. Every public purpose corporation shall adhere to specifications prepared under s. 16.72 (2), if applicable to the product or service to be purchased.

(6) CODE OF ETHICS. Every public purpose corporation shall, with the advice of the ethics board, adopt and enforce ethics guidelines applicable to its directors, employees and paid consultants which are similar to subch. III of ch. 19, except that the corporation may not require its paid consultants to file financial disclosure statements.

(7) TRAVEL SCHEDULE AMOUNTS. Directors and employees of every public purpose corporation are subject to uniform travel schedule amounts approved under s. 20.916 (8).

(8) AUDIT. Notwithstanding s. 13.94 (4) (b), public purpose corporations are subject to full audit of all of their records and operations under s. 13.94.

(9) APPLICABILITY OF CHAPTER. The provisions of this chapter apply to public purpose corporations except as otherwise provided in this section.

SECTION 3056. Nonstatutory provisions; other.

(7) PUBLIC PURPOSE CORPORATIONS. (a) The members of boards of directors of all public purpose corporations, as defined in section 181.79 (1) of the statutes, as created by this act, immediately prior to the effective date of this paragraph shall cease to hold office on the effective date of this paragraph or upon their successors being appointed under section 181.79 of the statutes, as created by this act, whichever occurs first.

(b) Of the initial appointments of directors to public purpose corporations made by the governor under section 181.79 (2) (a) 1 of the statutes, as created by this act, one member shall be appointed for a term expiring on May 1, 1986, one member shall be appointed for a term expiring on May 1, 1987, one member shall be appointed for a term expiring on May 1, 1988, and 2 members shall be appointed for terms expiring on May 1, 1989.

(c) The persons appointed under paragraph (b) shall be provisionally appointed under section 17.20 (2) of the statutes as if they were filling vacancies.

SECTION 3204. Effective dates.

(56) OTHER.

(c) Public purpose corporations. The treatment of sections 19.32 (1), 19.82 (1) and 181.79 of the statutes and Section 3056 (7) (a) of this act take effect 30 days after the effective date of this paragraph.

Vetoed
in Part

Vetoed
in Part

Vetoed
in Part

Subject Area: 2. EDUCATION

Item 2-H: Local History Position

Governor's written objections.

Section 3026(3)

This section provides an additional 0.5 Local History position and directs the State Historical Society to finance the 0.5 position by reallocating from its base, which includes funds targeted for the Circus World Museum library and archives. The budget already provides and finances a 0.5 position for local history. The intent is to make the position full-time. The current 0.5 position is providing an acceptable level of service for this biennium. The Society has higher priorities for its limited resources, including the library and archives at Circus World Museum. Therefore, I am vetoing the entire section.

Cited segments of 1985 Assembly Bill 85:

SECTION 3026. Nonstatutory provisions; historical society.

Vetoed in Part

(3) LOCAL HISTORY. The board of curators of the historical society shall allocate \$13,100 in fiscal year 1985-86 and \$15,400 in fiscal year 1986-87 to fund 0.5 FTE OPR position in the office of local history. The

~~board of curators may use funds appropriated to the historical society including those for support of library and archival costs of Circus World Museum under section 20.245 (1)(a) of the statutes for the purpose of this subsection.~~

Vetoed in Part

Subject Area: 2. EDUCATION

Item 2-I: Commencement of Fall Semester

Governor's written objections.

Sections 685m and 3203(53)(as)

These sections direct the Board of Regents to ensure that the fall semester at UW institutions begins after Labor Day. I am vetoing this change primarily because it would disrupt the academic calendar at several UW institutions by requiring students to return to school after the Christmas break to finish the first semester. Also, the delay in the start of the first semester would delay the ending date of the second semester until after Memorial Day which would hinder many students' chances of obtaining summer employment.

I am sympathetic, however, to the needs of the tourism industry. I believe that an acceptable compromise is available. That compromise would set the UW starting date after the first of September, but not necessarily after Labor Day. In three of the next seven years, this change could provide student labor for the tourism industry while also allowing the fall semester to end before the Christmas break. This concept would provide more stability to the tourism industry while also meeting the academic concerns of the UW students and staff. I am committed to supporting legislation which would require UW classes to start after Sept. 1st and intend to work with members of the Legislature to ensure passage of such a bill in the fall session.

Cited segments of 1985 Assembly Bill 85:

~~SECTION 685m. 36.11 (16) of the statutes is created to read:~~

Vetoed in Part

~~36.11 (16) COMMENCEMENT OF FALL SEMESTER. The board shall ensure that no center or institution within the system commences the fall semester until after Labor Day.~~

SECTION 3203. Initial applicability.

~~(53) UNIVERSITY OF WISCONSIN SYSTEM (as) Start of fall semester. The treatment of section 36.11 (16) of the statutes by this act first applies to the commencement of classes for the 1986 fall semester.~~

Vetoed in Part

Subject Area: 2. EDUCATION

Item 2-J: Academic Staff

Governor's written objections.

Sections 679 and 3053(6)

Section 679 limits the University's authority to reallocate funds for competitive salary adjustments only for faculty. The University should also have reallocation authority to adjust academic staff salaries for reasons of competition. This reallocation authority is necessary if the University is to provide 4.7 percent adjustments to academic staff salaries as directed under section 3053(5). Other state agencies have the authority to reallocate, and in fact are required to reallocate base resources, to implement the results of salary surveys. In addition, reallocation authority for academic staff is required under section 3053(5)(f) in order to implement a revised academic staff categorization structure. This veto will ensure consistency in the statutes and consistent treatment of all state agencies in the implementation of salary surveys.

Section 3053(6) deals with a study of the academic staff personnel system. The provisions of the study include the evaluation of whether academic staff positions are substantially similar to classified positions and should be placed in the classified service. I am vetoing the language on placement in the classified service to ensure that the conversion of academic staff positions to classified positions does not overshadow the study. The study should focus on policies which can improve the academic staff personnel system including retention, affirmative action, career progression and the establishment of a categorization structure. Any classification recommendations would come after all the other primary steps have been accomplished. A number of academic staff positions will likely be recommended to be placed in the classified service. However, classification should not be a foregone conclusion of a study that has yet to be started.

Cited segments of 1985 Assembly Bill 85:

SECTION 679. 36.09 (1) (j) of the statutes is amended to read:

36.09 (1) (j) The board shall establish salaries for persons not in the classified staff prior to July 1 of each year for the next fiscal year, and shall designate the effective dates for payment of the new salaries. In the first year of the biennium, payments of the salaries established for the preceding year shall be continued until the biennial budget bill is enacted. If the budget is enacted after July 1, payments shall be made following enactment of the budget to satisfy the obligations incurred on the effective dates, as designated by the board, for the new salaries, subject only to the appropriation of funds by the legislature and s. 20.928 (3). This paragraph shall does not limit the authority of the board to establish salaries for new appointments. The board shall not increase the pay of employes under ss: 20.923 (5) and (6) (m) and 230.08 (2) (d) under this paragraph unless the pay increase conforms to the proposal as approved under s. 230.12 (3) (e) or the board authorizes the pay increase to correct salary inequities under par. (h) or, to fund job reclassifications or promotions, or to recognize competitive factors in order to retain qualified faculty members. The granting of pay increases to faculty members to recognize competitive factors in order to retain faculty members does not obligate inclusion of the annualized amount of the increases in the appropriations under s. 20.285 (1) for subsequent fiscal bienniums. No later than October 1 of each year, the board shall report to

the joint committee on finance and the departments of administration and employment relations concerning the amounts of any pay increases granted to faculty members to recognize competitive factors in order to retain qualified faculty members, and the institutions at which they are granted, for the 12-month period ending on the preceding June 30.

Vetoed in Part

SECTION 3053. Nonstatutory provisions; university of Wisconsin system.

(6) ACADEMIC STAFF CATEGORIZATION STRUCTURE. (a) The board of regents of the university of Wisconsin system and the department of employment relations shall jointly retain an independent consultant for the purpose of developing a categorization structure for university of Wisconsin academic staff members under paragraph (b). Prior to July 1, 1986, the board of regents and the department shall submit a report and recommendations to the joint committee on employment relations, for its approval, containing a plan for implementing the categorization structure as required by that paragraph. The report shall include recommended policies and procedures to promote affirmative action and the retention and career progression of women and minorities, together with a review of current policies and practices in this regard, and shall also include an evaluation of whether the duties of any positions in the academic staff are substantially similar to positions in the classified service and the positions should appropriately be placed in the classified service.

Vetoed in Part

Vetoed in Part

Subject Area: 2. EDUCATION

Item 2-K: Sunset of UW Minority Programs

Governor's written objections.

Sections 273d, 687m and 687p

These sections sunset UW minority student services by June 30, 1989. Specific programs affected are those aimed at recruiting and retaining minority students. The sunset date would indicate to students and staff a lack of long-term commitment to minority student programs, particularly since these would be the only UW programs with a termination date. I understand that the authors of the sunset provision included it in order to ensure that UW minority recruitment and retention programs are thoroughly reviewed for effectiveness before June 30, 1989. The recent performance of these programs certainly justifies their concerns, but I do not believe we need to raise doubts about our commitment to these programs in order to rigorously assess their effectiveness.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part

~~SECTION 273d. 20.285 (1) (a) of the statutes is amended to read:~~

~~20.285 (1) (a) General program operations. The amounts in the schedule for the purpose of educational programs and related programs. Any transfers between the instruction, research, public service, libraries, learning resources and media, farm operations, student services, auxiliary enterprises, physical plant or general operations and services subprograms shall be reported quarterly to the department of administration. No moneys may be expended from this appropriation after June 30, 1989, for minority student recruitment or retention programs.~~

student retention programs at each institution and submit reports describing its findings to the joint committee on finance by October 1, 1986, and October 1, 1988. The board shall abolish all of its minority student retention programs by June 30, 1989.

Vetoed in Part

SECTION 687p. 36.44 of the statutes is created to read:

~~36.44 Precollege programs. The board shall~~
~~Submit reports to the joint committee on finance by October 1, 1986, and October 1, 1988, on the number of minority high school students contacted and the number of precollege program participants enrolling in higher educational institutions in this state, including vocational, technical and adult education district schools.~~

Vetoed in Part

SECTION 687m. 36.34 of the statutes is created to read:

36.34 Minority student retention programs. The board shall evaluate the effectiveness of its minority

~~(2) Abolish all precollege programs by June 30, 1989.~~

Vetoed in Part

Subject Area: 2. EDUCATION

Item 2-I: Stout Physical Education Facility

Governor's written objections.

Section 3007(1)(j)

This section enumerates the authorized state building program for the 1985-87 biennium. I am vetoing the physical education facility at UW-Stout because this project was not approved by the State Building Commission. The Stout project was scheduled by the Building Commission for approval in the 1987-89 building program and should continue to receive priority consideration from the Building Commission.

Cited segments of 1985 Assembly Bill 85:

SECTION 3007. Nonstatutory provisions; building commission; authorized state building program.

(I) For the 1985-87 fiscal biennium, the state building program shall be as follows:

(j) University of Wisconsin system

**Vetoed
in Part**

Stout

~~Physical education addition and remodeling 5,406,800~~

Subject Area: 2. EDUCATION

Item 2-M: Infotext Prohibition

Governor's written objections.

Section 684m

This section prohibits the University from implementing the infotext system on a permanent basis. The infotext system is a facility currently operating on a trial basis for disseminating primarily agricultural information throughout the state. There was concern in the Legislature that the state-supported infotext system directly competes with private information distribution services. While I understand that the potential for unfair competition exists, this is not currently the case. An elimination of infotext at this point would deprive the agricultural community and others of useful public information from the University.

While I am vetoing this provision, I am also directing the UW-Extension to avoid direct competition with private information and data services. Further, at the end of the current trial period, the UW-Extension should submit a report to the Department of Administration detailing the results of the trial and outlining the future plans for infotext.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 684m. 36.11 (14) of the statutes is created to read:

~~36.11 (14) INFOTEXT. The board shall ensure that the extension does not permanently implement its infotext system for the transmission of data.~~ **Vetoed in Part**

Subject Area: 2. EDUCATION

Item 2-N: Dairy Center Reallocation

Governor's written objections.

Section 3153(1)(b)

This section establishes a center for dairy research at the UW-Madison funded from unused WHEDA farm loan funds matched by private funds. I support the establishment of the center. However, an additional provision was

included to require the Board of Regents to reallocate base funds for this project if sufficient WHEDA funds are not available. Since it is very likely that sufficient funds will be available, I am vetoing the reallocation language. This veto will remove the uncertainty over \$244,000 within the University's state-funded research program.

Cited segments of 1985 Assembly Bill 85:

SECTION 3153. Appropriation changes; university of Wisconsin system.

(1) SUPPLEMENTAL FUNDING FOR DAIRY CENTER.

~~(b) If funds are not available under paragraph (a), the board of regents of the university of Wisconsin system shall allocate, from the system's general program operations funds, \$244,000 as supplemental funding for the dairy center in 1986-87.~~

Vetoed in Part

Subject Area: 2. EDUCATION

Item 2-O: UW-La Crosse Upward Bound Reallocation

Governor's written objections.

Section 3053(7)(g)

This section requires the UW Board of Regents to reallocate \$14,000 in each year of the 1985-87 biennium to support the upward bound program which the UW-La Crosse provides to Native American students in the Black River Falls school district. My veto of this provision is intended to make the \$14,000 reallocation permissive rather than mandatory. However, it is my intent that this program should be continued and should, if necessary, be funded from reallocated UW funds.

Cited segments of 1985 Assembly Bill 85:

SECTION 3053. Nonstatutory provisions; university of Wisconsin system.

(7) REALLOCATIONS OF FUNDING.

~~(g) *UW-La Crosse upward bound program.* The board of regents of the university of Wisconsin system shall allocate, from the system's general program~~

~~operations funds, \$14,000 in each fiscal year of the 1985-87 biennium for the upward bound program as an adjustment to the program's base funding level at the university of Wisconsin-La Crosse to fund participation of Native American students of its Black River Falls school district in the program.~~

Vetoed in Part

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-A: Major Highways Program

Governor's written objections.

Sections 1565 as it relates to 84.013(3)(um), 3051(13p) and (13q)

I am vetoing two major highway projects added or changed from the Transportation Projects Commission recommendations which I included in the 1985-87 biennial budget. The two projects vetoed are Highway 151 from Sun Prairie to Columbus and the acceleration of STH 29 in Brown county.

I am vetoing the changes to preserve the Transportation Projects Commission process for establishing priorities for the construction of major highway projects. The commission recommended for construction a reasonable and balanced package of highway projects. Substantially altering its recommendation jeopardizes the future use of the commission to set priorities for transportation projects. The Commission has worked well in its first two years of existence and should be given the opportunity to continue to be the forum to deal with major highway projects.

The Highway 151 project is at the top of the priority list for the next session of the Transportation Projects Commission. I am committed to keeping the project the top priority for the 1987-89 highway budget.

Cited segments of 1985 Assembly Bill 85:

SECTION 1565. 84.013 (3) (m) to (v) of the statutes are created to read:

84.013 (3)

**Vetoed
in Part**

(um) USH 151 between Sun Prairie and that portion of USH 151 designated as the Columbus bypass in Dane and Columbia counties.

~~project in Dane and Columbia counties authorized in section 84.013 (3) (um) of the statutes by this act, in 1988.~~

**Vetoed
in Part**

~~(13q) STH 29 CONSTRUCTION. The department of transportation shall complete the construction of STH 29 in Brown county authorized in section 84.013 (3) (u) of the statutes by this act, by December 31, 1989.~~

SECTION 3051. Nonstatutory provisions; transportation.

**Vetoed
in Part**

~~(13p) COLUMBUS BYPASS. The department of transportation shall begin the construction of the USH 151~~

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-B: Highway 12 — North Crossing Bridge and Highway

Governor's written objections.

Section 3051(17)

This section requires the Department of Transportation to conduct preliminary engineering and design work during 1985-87 for a bridge and highway project on USH 12 in Eau Claire County. I am vetoing part of this section to eliminate the requirement to conduct design work. Project design cannot be done until preliminary engineering work and site review analysis have been completed and a site selected. Only the preliminary engineering and site selection process will be completed during 1985-87. The actual construction should be a Transportation Projects Commission decision as it selects construction projects for future years.

Cited segments of 1985 Assembly Bill 85:

SECTION 3051. Nonstatutory provisions; transportation.

**Vetoed
in Part**

(17) USH 12/NORTH CROSSING BRIDGE AND HIGHWAY. The department of transportation shall conduct preliminary engineering and design work in the 1985-

87 biennium for a USH 12/North Crossing bridge and highway project in Eau Claire county and, from the appropriation under section 20.395 (3) (bq) of the statutes, shall allocate \$2,000,000 in the 1985-87 biennium for this purpose.

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-C: Avalon Road I-90 Interchange and Bridge

Governor's written objections.

Sections 3051(2) and (2m)

These sections require the Department of Transportation to build a cloverleaf interchange on I-90 in Rock County at Avalon Road and to construct a bridge and improve Avalon Road. I am vetoing parts of these sections to give the Department of Transportation greater flexibility in designing the interchange. I am also vetoing the language that limits the department's ability to fully fund the improvements. Finally, a partial veto was made to the location of the Avalon Road Bridge to correct a technical wording problem regarding where the bridge should be built.

Cited segments of 1985 Assembly Bill 85:

SECTION 3051. Nonstatutory provisions; transportation.

Vetoed in Part

(2) I 90 INTERCHANGE CONSTRUCTION. The department of transportation shall allocate sufficient funds from the appropriations under section 20.395 (3) (gq) and (gx) of the statutes in the 1985-87 biennium for construction of an interchange off of I 90 adjacent to Avalon Road south of STH 11 in Rock county, such interchange to consist of a modified cloverleaf located north of Avalon Road.

(2m) AVALON ROAD IMPROVEMENT. Notwithstanding chapter 84 of the statutes and section 20.395 (2) (eq) of the statutes, from the appropriation under sec-

tion 20.395 (2) (eq) of the statutes, the department of transportation shall expend ~~\$2,900,000 in the 1985-87 biennium~~ for improvements to that segment of Avalon Road in Rock county extending westerly from I 90 to the intersection with USH 51. The improvements shall include reconstruction of Avalon Road between I 90 and the intersection with USH 51, construction of a bridge on Avalon Road at ~~a location east of Road Road where Avalon Road intersects with the tracks of the Chicago and Northwestern Railroad~~ and relocation of tracks associated with construction of the bridge. **Vetoed in Part**

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-D: Highway 100 Re-routing and the 107th Street Traffic

Governor's written objections.

Sections 3051(10m) and (11m)

These sections direct the Department of Transportation to re-route state highway 100 in Milwaukee using STH 74 and USH 41/45, re-designate parts of STH 100 to STH 91, and to study the traffic on 107th Street between Good Hope Road and Brown Deer Road. I am vetoing the requirement to re-designate as state highway 91 that part of state highway 100 routed over 107th Street between Brown Deer Road and Good Hope Road and over Good Hope Road between 107th Street and USH 41/45. I am vetoing this portion of the re-routing in order to direct the department to negotiate with the City of Milwaukee for the jurisdictional transfer of that part of state highway 100. The transfer will negate the need for a study of the traffic on 107th Street and I have vetoed that requirement. It will also eliminate the need for local control of truck traffic on state connecting highways, a

provision vetoed as a separate action. These vetoes in combination will resolve the traffic problems on 107th Street while preserving the integrity and state control over the state highway system.

Cited segments of 1985 Assembly Bill 85:

SECTION 3051. Nonstatutory provisions; transportation.

Vetoed in Part

(10m) STH 100 DESIGNATIONS. (a) The department of transportation is directed to change from STH 100 to STH 91 the designation of a highway in Milwaukee county which is routed over 107th Street between Brown Deer Road and Good Hope Road and over Good Hope Road between 107th street and USH 41/45.

Vetoed in Part

(11m) 107TH STREET TRAFFIC STUDY. The department of transportation shall conduct a study of the volume and pattern of traffic on 107th Street between

Good Hope Road and Brown Deer Road in Milwaukee county and shall utilize the findings of the study to determine whether, or to what extent, 107th Street between Good Hope Road and Brown Deer Road should be widened. The department of transportation shall conduct the study required by this subsection no sooner than 6 months after making the changes in state trunk highway designations required in subsection (10m). The department of transportation may not widen 107th Street between Good Hope Road and Brown Deer Road without first conducting the study required by this subsection.

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-E: Heavy Traffic Prohibition

Governor's written objections.

Section 2221r

I am vetoing the provision allowing a first class city to prohibit heavy traffic on streets and highways within its boundaries which are now state highways or connecting highways in the state highway system. The provision is being vetoed because these highways serve state and inter-regional traffic which could be delayed and inconvenienced by unilateral municipal rerouting. In addition, the authority for Milwaukee to prohibit truck traffic on state highways and connecting highways would encourage other communities to seek similar authority which would jeopardize the integrity of the state highway system. This veto is necessary to assure an efficient and useful state highway system and avoid undesirable fragmentation.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part

SECTION 2221r. 349.17 (1m) of the statutes is created to read: 349.17 (1m). Notwithstanding sub. (1), a 1st class

city may prohibit heavy traffic from using a street or highway within its limits, including a street or highway over which a state trunk highway is routed.

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-F: I-94 and I-894 Noise Barriers

Governor's written objections.

Sections 3051(12m) and (12o)

These sections require the Department of Transportation to reallocate \$4 million in the interstate highway program for the construction of noise barriers at a specific site on I-94 and on I-894 in Milwaukee County. I am

vetoing parts of these sections to allow flexibility to place the noise barriers in the most advantageous locations after study by the Department. The Department of Transportation will be completing a study of the noise barriers placed on the interstate during the last biennium and will prepare specific criteria for siting and designing noise barriers. The full \$4 million reallocation is not affected by this veto. This veto will facilitate implementation of an orderly and effective noise abatement program.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 3051. Nonstatutory provisions; transportation. (12m) ~~NOISE BARRIERS.~~ From the appropriations under section 20.395 (3) (gq) and (gx) of the statutes, the department of transportation shall expend a total of \$2,000,000 in the 1985-87 biennium for the installation of noise barriers on ~~104 between Morgan Avenue and South Oak Street~~ in the city of Milwaukee.

(12o) ~~NOISE BARRIERS.~~ From the appropriations under section 20.395 (3) (gq) and (gx) of the statutes, the department of transportation shall expend a total of \$2,000,000 in the 1985-87 biennium for the installation of noise barriers on ~~104~~ in Milwaukee county.

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-G: Milwaukee County Sheriff Expressway Patrol Aid

Governor's written objections.

Section 394m

The section increases aid to Milwaukee County for vehicle inspection and traffic enforcement on the Milwaukee expressway. I have vetoed this section because Milwaukee County receives local highway aids which include aid for these police costs. Eligible police costs included in the local highway aid formula accounted for approximately 41 percent of aidable costs for Milwaukee County in 1983. In addition, the expressway patrol aid increase applies only to Milwaukee County. All other municipalities pay for vehicle inspection and traffic enforcement with local funds and local highway aids. Finally, money was not added to pay for the aid increase, and consequently the State Patrol would have to reallocate within its operating budget to pay the additional aid. This would cause an unacceptable reduction in State Patrol services.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 394m. 20.395 (5) (dq) of the statutes is amended to read: 20.395 (5) (dq) *Vehicle inspection and traffic enforcement, state funds.* The amounts in the schedule for administering the ambulance inspection program under s. 341.085 and the vehicle inspection and traffic

~~enforcement programs, including \$495,000, \$534,900 in fiscal year 1983-84, 1985-86, and \$500,900, \$587,310 in fiscal year 1984-85, 1986-87, and thereafter to reimburse any county policing expressways under s. 59.965 (10) (b).~~

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-H: Payments for Jurisdictional Transfers

Governor's written objections.

Section 373m

This section gives the Department of Transportation authority to make payments to compensate for needed highway maintenance to Dane County when transferring highway 12/18 to local control. I am partially vetoing

this section to expand this authority to allow payments to other municipalities scheduled to receive jurisdictional transfers. This recommendation returns the provision to what I originally recommended to the Legislature. The broader authority is needed to facilitate the Department of Transportation's plan to transfer certain state roads to local control, including highway 12/18 in Dane County. In addition, I am directing the department to take steps to ensure that payments made to local governments under this provision will be used for road repair and maintenance.

Cited segments of 1985 Assembly Bill 85:

SECTION 373m. 20.395 (3) (cq) of the statutes is amended to read:

20.395 (3) (cq) Existing highway improvement, state funds. As a continuing appropriation, the amounts in the schedule for improvement of existing state trunk

and connecting highways, except the national system of interstate and defense highways, and for payment to a local unit of government for a jurisdictional transfer under s. 84.02 (8) (c).

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-I: Aeronautics Revenues and Expenditures

Governor's written objections.

Section 3051(5)

This section attempts to prevent aeronautics program expenditures from exceeding aeronautics revenues in 1985-87. The Department of Transportation must report to the Joint Committee on Finance if an imbalance between revenues and expenditures occurs and to propose solutions. I am vetoing this provision because it segregates accounts within the transportation fund, a policy with serious implications if applied to other transportation modes. The provision applies only when expenditures exceed revenues and ignores the fact that the aeronautics programs have been a net contributor to the transportation fund in the past. Finally, the provision may force program cuts and fee increases outside of the biennial budget. These decisions are best made in the context of the biennial budget process.

Cited segments of 1985 Assembly Bill 85:

SECTION 3051. Nonstatutory provisions; transportation.

Vetoed in Part

(5) AERONAUTICS PROGRAM. The intent of this subsection is to prevent aeronautics program expenditures from exceeding aeronautics revenues during the 1985-87 biennium. The department of transportation shall determine whether actual or projected aeronautics revenues during the 1985-87 biennium are sufficient to cover aeronautics program expenditures

during the 1985-87 biennium. If the department of transportation determines that actual or projected aeronautics revenues are insufficient to cover aeronautics program expenditures, the department shall propose a solution to the imbalance to the joint committee on finance. The department of transportation shall proceed to resolve the imbalance between such revenues and expenditures as directed by the joint committee on finance.

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-J: License Plate Color

Governor's written objections.

Sections 2139m and 3203(51)(d)

These sections require the Department of Transportation to issue vehicle license plates with red letters and numbers on a white background beginning January 1, 1986. I am vetoing these sections to give the Department

of Transportation more flexibility to design a new license plate. I support a complete redesign of the state license plates to better present the state's image. These sections prohibit the consideration of many color and design options. In addition, the requirement for a red on white color scheme prevents the use of different reflector material which may be more cost-effective than the current process.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 239m. 341.13 (1) (d) of the statutes is created to read:
341.13 (1) (d). This plate shall be designed with red letters and numbers and a white background.

SECTION 3203. **Initial applicability.**
(51) TRANSPORTATION.
(d) ~~Registration plate color.~~ The treatment of sec-
non 341.13 (1) (d) of the statutes by this act first **Vetoed in Part**
applies to registration plates issued on January 1,
1986.

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-K: Lake Arterial Stub-end Project

Governor's written objections.

Section 3051(3)

This section removes from the state highway system that part of the highway south of the Hoan Bridge in Milwaukee which was to be used for the lake arterial project and requires the Department of Transportation to construct a stub-end project at the end of the Hoan Bridge during 1985-87. I have vetoed this section in part to eliminate the requirement for the stub-end project. The partial veto is made to provide greater flexibility to the Department of Transportation to design and construct the necessary roads to move traffic from and onto the bridge from the local roads. The vetoed language is too restrictive and would have precluded other, possibly more effective, options from consideration.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 3051. **Nonstatutory provisions; transportation.**
(3) LAKE ARTERIAL PROJECT. (a) ~~Removal from state trunk highway system.~~ Except for the location described in paragraph (b), the department of transportation is directed to remove from the state trunk highway system a highway location in Milwaukee county extending from the southerly terminus of the Daniel Webster Hoan Memorial Bridge southerly on or adjacent to the Chicago and Northwestern Rail-

road right-of-way to the intersection with East Layton Avenue, a total of approximately 3.0 miles.

(b) ~~Stub-end project construction.~~ The department of transportation shall construct a stub-end project at the southerly terminus of the Daniel Webster Hoan Memorial Bridge in Milwaukee county in the 1985-87 biennium, such project to consist of a new roadway between South Cal Ferry Drive and South Bay Street and a realignment of the bridge approach to accommodate the new roadway. **Vetoed in Part**

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-L: Radioactive Waste Transportation Liability

Governor's written objections.

Section 2022y

This section defines the liability of responsible parties and the basis for recovery by injured persons in lawsuits involving a nuclear incident. The section creates statutory strict and joint liability for all responsible parties and

establishes a presumption that a responsible party was the cause of harm as a result of a nuclear incident. It also contains a definition of what constitutes harm which includes mental anguish and consequential economic loss. The section also establishes the use of federal standards as a defense in liability cases. I have retained the shift in the burden of proof because it is desirable from an environmental standpoint. I have partially vetoed other provisions in this section.

This veto eliminates the reference to federal standards as a measurement of performance, thus retaining measurements which are currently applicable in liability cases. The language which establishes a new burden of proof of clear, satisfactory and convincing evidence is vetoed. The veto of this language will have the effect of continuing current Wisconsin evidentiary proof for strict liability uses. This veto also deletes the ability to recover for mental anguish and the word consequential as a qualifier for economic loss. These changes reduce the potential for frivolous lawsuits and retain the application of normal tort case law where desirable.

Cited segments of 1985 Assembly Bill 85:

SECTION 2022y. 166.15 of the statutes is created to read:

166.15 Radioactive waste emergencies. (1) DEFINITIONS.

- (c) "Harm" means:
 - 1. ~~Mental anguish or emotional harm manifested by a substantial objective symptom.~~
 - 4. Consequential economic loss.

Vetoed in Part

- (3) REBUTTABLE PRESUMPTION.
- (b) A defendant in an action brought under sub. (2) may rebut the presumption under par. (a) by proving

~~to a reasonable certainty, by evidence that is clear, satisfactory and convincing that:~~

Vetoed in Part

- 1. The defendant is not a responsible party; or
- 2. The harm claimed to be caused by a nuclear incident could not have reasonably resulted from the nuclear incident. The defendant may satisfy the requirement of this subdivision by proving to a reasonable certainty, by evidence that is clear, satisfactory and convincing, that the radiation released in the nuclear incident did not violate any regulation under ~~§§ NSC 2011 to 2296.~~

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-M: CHAP Development Subsidy Program

Governor's written objections.

Sections 897t, 898m and 3028

I am vetoing section 898m and parts of sections 897t and 3028, which relate to the creation of a WHEDA financed Community Housing Alternatives Program development subsidy program. The program mismatches funding sources and program administration, creates a duplicate process for legislative review of the use of WHEDA surplus reserve funds, and places unnecessary restrictions on how WHEDA subsidies would be provided. The program is now substantially different from the program which I proposed to be funded with GPR through a line agency, the Department of Health and Social Services. If the funding for a CHAP project is totally dependent on funding through the Wisconsin Housing and Economic Development Authority, then the development program needs enough flexibility to permit WHEDA to use its resources for the program. I do believe WHEDA and DHSS should develop a workable CHAP program and concur with the language requiring WHEDA and the Department of Health and Social Services to submit a joint report to me and the Legislature outlining the use of WHEDA funds for development subsidies.

Cited segments of 1985 Assembly Bill 85:

SECTION 897t. 46.28 (1) (c) 8 of the statutes is created to read:

Vetoed in Part

46.28 (1) (e) 8. ~~With respect to a facility with more than 50 units, any other entity meeting criteria estab-~~

lished by the authority and organized to provide housing for persons and families of low and moderate income.

SECTION 898m, 46.28 (5) of the statutes is created to read:

Vetoed in Part

46.28 (5) The department and the authority may establish a development subsidy program to make residential facilities meeting the requirements of this subsection affordable to elderly or chronically disabled persons who are members of families whose annual income, as defined under 24 CFR 813.102, less payments received for community long-term support services related to their disability, is not an amount which would disqualify the family as a very low income family, as defined under 24 CFR 813.102. The department and the authority may contract with a sponsor of a residential facility under this section to provide a development subsidy. Neither the department nor the authority may make grants under this subsection. If the sponsor does not comply with the terms of the contract, the department and the authority may terminate the subsidy under this subsection.

SECTION 3028. Nonstatutory provisions; housing and economic development authority.

(1) DEVELOPMENT SUBSIDIES. The Wisconsin housing and economic development authority and the department of health and social services shall jointly prepare a plan for the use of funds for development subsidies and shall submit the plan to the governor and to the presiding officer of each house of the legislature no later than October 1, 1985. The plan shall be reviewed in the manner provided under section 234.165 (2) (a) 3 to 7 of the statutes for review of the authority surplus plan and, if feasible, shall be reviewed concurrently with review of the authority surplus plan. The Wisconsin housing and economic development authority shall consider allocating \$460,800 from the authority surplus fund under section 234.165 of the statutes to carry out the purposes of the development subsidy program under section 46.28 (5) of the statutes.

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-N: Oak Creek Landfill Prohibition

Governor's written objections.

Sections 1209ao and 1209ap

I am vetoing provisions which prohibit the Milwaukee Metropolitan Sewerage District from developing a landfill in any fourth-class city in Milwaukee County unless it is in a county park next to Lake Michigan. The provisions would force a proposed landfill in Oak Creek to be moved to Bender Park.

This veto is consistent with my other veto of specific landfill site prohibitions which undermine the state's comprehensive landfill siting process. The inconsistencies which result from these site specific provisions are obvious; one prohibits landfills near Lake Waubesa in Dane County and the other requires a landfill to be moved next to Lake Michigan. The process already provides the opportunity for a contested case hearing on the need for the site which has yet to occur. In addition, the provisions mandate only one site without the benefit of detailed economic and environmental review. A preliminary review of the Bender Park site reveals several problems which could hinder landfill site development including land use limitations and shoreland erosion problems. In order to address this siting issue fairly, I have asked for and received a commitment from the district to pursue site feasibility studies at both the Oakwood Road and Bender Park sites. The intent of this veto is not to preclude selection of the Bender Park site if it proves to be acceptable. If Bender Park is selected, the Milwaukee County Executive has agreed to cooperate with site development. The district will also survey other potential sites in the area. This veto is meant to assist efforts by the district to find a suitable landfill site in cooperation with the county and Oak Creek representatives. It is my hope that all parties will work diligently and in good faith to find common ground in this issue.

Cited segments of 1985 Assembly Bill 85:

SECTION 1209ao, 66.894 (1) (c) of the statutes is amended to read:

Vetoed in Part

66.894 (1) (c) Facilities for the treatment and disposal of sewage transmitted into the interceptor sewers of the district, except as provided under sub. (1m).

SECTION 1209ap, 66.894 (1m) of the statutes is created to read:

66.894 (1m) CONSTRUCTION POWER LIMITS. The commission may not construct a solid waste facility for which an operating license is required under s. 144.44 (4) in any 4th class city which is located in a county with a population of 500,000 or more unless the facility is located in a county park abutting Lake Michigan.

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-O: Landfill Siting Prohibitions — Dane County

Governor's written objections.

Section 1955p

This provision prohibits landfill development within 2,500 feet of lakes greater than 640 acres in a county with a population of 315,000 or more. This provision would preclude developing the Libby site and a site on Vonderan Road in Dane County. I am vetoing this provision because it undermines the state's comprehensive landfill siting process. In recent years landfill laws have been strengthened to provide extensive opportunities for public participation and thorough environmental review. Current laws are among the most stringent in the nation and ensure that new landfills are safely designed and appropriately located. Opponents of proposed landfill developments have many avenues to challenge proposed sites. This veto preserves our already effective statewide process by eliminating unnecessary site specific landfill prohibitions.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 1955p. 144.462 of the statutes is created to read:
~~144.462 Areas adjacent to large lakes in populous counties. (1) DEFINITIONS. In this section:~~
~~(a) "Large lake" means a lake with an area of 640 acres or more, except lakes designated as outlying waters under s. 29.01 (11).~~
~~(b) "Planned well site" means a parcel of land designated by a municipal governing body on an official plan as reserved for the purpose of supplying future water needs of the municipal water system.~~
~~(c) "Populous county" means a county with a population of 315,000 or more.~~
~~(2) RESTRICTION. On or after July 1, 1985, the department may not issue an initial operating license~~

~~under s. 144.44 (4) (b) for a solid waste facility any part of which is to be located in a populous county that does not contain a 1st class city if either of the following conditions applies:~~
~~(a) The facility will be located within 2,500 feet of the ordinary high water mark of a large lake.~~
~~(b) The facility will be located within 2,500 feet of either side of the boundary limits of a 2nd class city and in either of the following locations:~~
~~1. Within 2,500 feet of a planned municipal well site in an area in which large distribution water mains have been installed.~~
~~2. Within 2,500 feet of an area to which a shoreland or floodplain zoning ordinance applies.~~

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-P: Well Compensation Grants

Governor's written objections.

Sections 158 as it relates to 20.370(2)(eb) and 3039(8)

I am vetoing funding for contaminated well compensation grants in FY 1986-87 because I do not believe GPR should be the long-term funding for the program. The Legislative Council is scheduled to complete a study on alternative funding sources for well compensation grants by July 1, 1986. I encourage the early study and development of a permanent non-GPR funding source as part of a long-term strategy for providing safe drinking water for people with contaminated private water supplies. The funds in the first year of this continuing appropriation still provide a 34 percent increase over the base funding level. The \$500,000 appropriated for FY 1984-85 combined with \$1,345,000 provided in FY 1985-86 will fund replacement of up to 500 contaminated wells. These funds may allow additional replacements now that 1985 Wisconsin Act 22 allows state grants for

connections with public water supplies where they are more cost effective. This veto leaves a sizable grant fund for replacing eligible contaminated wells but withholds establishing a long-term reliance on the general fund to totally finance the program.

Cited segments of 1985 Assembly Bill 85:

SECTION 158.

STATUTE, AGENCY AND PURPOSE

SOURCE TYPE

1985-86

1986-87

20.370 Natural resources, department of

(2) ENVIRONMENTAL STANDARDS

(eb) Compensation for well contamination--payments

GPR C 1,345,000

~~900,000~~

Vetoed in Part

SECTION 3039. Nonstatutory provisions; natural resources.

~~natural resources submits to the joint committee on finance a well compensation program participation status report and the joint committee on finance approves the expenditure at a regular quarterly meeting under section 13.10 of the statutes on or after June 1, 1986.~~

~~(8) WELL COMPENSATION PROGRAM FUNDING. The amounts in the schedule for the appropriation under section 20.370 (2) (eb) of the statutes for fiscal year 1986-87 may not be expended until the department of~~

Vetoed in Part

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-Q: Fox River Locks

Governor's written objections.

Section 669ut and 3039(10m)

I am vetoing a provision which allows the Fox River Management Commission to receive 100 percent state grants to manage and operate the Fox River locks during the 1986 boating season from the Recreational Boating Facilities Program. This veto removes the exception provided to the Fox River Management Commission in 1986 and restores the 50 percent local match requirement used for all other grants offered under this program. The veto is made to assure a state/local partnership for financial support of the Fox Locks and to make grants to the Fox River Management Commission consistent with other eligible governmental units. I am also vetoing a provision which earmarks \$25,000 in grants to the Commission during FY 1985-86, restoring open competition for funds.

These partial vetoes do not alter my support for continued operation of the locks on the lower Fox River. However, I am concerned that an unwarranted precedent would be established by allowing 100 percent funding for one entity out of the many which will be competing for funds. The policy of requiring local match funds started with 1985 Wisconsin Act 16 which established a state and local partnership to continue lock operation during the 1985 boating season. Recreational boating facility grants for lock operations will provide substantial local benefits, therefore, state grants should be limited to 50 percent of costs.

Cited segments of 1985 Assembly Bill 85:

SECTION 669ut. 30.92 (4) (b) 2 of the statutes is amended to read:

30.92 (4) (b) 2. The department may cost-share, with the approval of the commission, with the affected department, municipality or public inland lake protec-

tion and rehabilitation district at a rate of up to 50% of the feasibility study or, construction costs, or both management and operation costs or any combination of these items, of the recreational boating facility. The department may pay, with the approval of the com-

mission, an additional 10% of the costs of the construction project ~~where the~~ if a municipality conducts a boating safety enforcement and education program approved by the department. If the affected governmental unit is the Fox river management commission, the department may cost-share, with the approval of the Wisconsin waterways commission, at a rate of up to 100% for calendar year 1985 or up to 50% for calendar years thereafter of the management and operation costs or any combination of these items, of the recreational boating facility.

SECTION 3039. Nonstatutory provisions; natural resources.

~~(10m) FOX RIVER LOCKS FUNDING. The department of natural resources and the Wisconsin waterways commission shall provide from the program under section 30.92 of the statutes at least \$25,000 in fiscal year 1985-86 from the appropriation under section 20.170 (4) (b) of the statutes to the Fox river management commission for the management and operation of the Fox river locks.~~

Vetoed in Part

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-R: Endangered Resources Tax Check-off

Governor's written objections.

Section 1361m

This provision eliminates the voluntary income tax check-off for the endangered resources program after the 1986 tax year. I have vetoed this provision because elimination of the check-off ignores the voluntary support for the program on behalf of Wisconsin residents who choose to use this mechanism. The Department of Natural Resources has run a public information campaign about the check-off and this effort and any momentum in increased participation that has been developed would be lost if the check-off were eliminated. In addition, continuation of the program without the check-off would require either higher DNR fees, a reallocation of DNR funds from other important wildlife programs or new GPR funding in the 1987-89 biennium.

Cited segments of 1985 Assembly Bill 85:

~~SECTION 1361m. 71.097 (4) of the statutes is created to read:~~

~~71.097 (4) TERMINATION. This section does not apply to income tax returns filed for taxable year 1987 or any taxable year thereafter.~~

Vetoed in Part

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-S: Wildlife Damage Payments

Governor's written objections.

Section 668m

This section specifies that the Department of Natural Resources pay a minimum of \$200,000 per year on wildlife damage claim payments. I have vetoed the \$200,000 set aside provision because it shifts the program emphasis from abatement to wildlife damage payments and may limit the number of additional counties which will be able to participate. It may also require a change in the percentage of county administrative and abatement costs which would be paid for by the program. At present, damage claims are paid as a last priority and on a prorated

basis after abatement and program delivery costs are paid. In addition, the \$200,000 set aside establishes a precedent and expectation for future additional damage payments.

Cited segments of 1985 Assembly Bill 85:

SECTION 668m. 29.598 (7) (d) 2 of the statutes is amended to read:

29.598 (7) (d) 2. The department shall pay participating counties under subd. 1 from the appropriation under s. 20.370 (4) (kq) (gq) after first deducting payments made for county administrative costs under sub. (2) (d) and payments made for wildlife damage

~~abatement assistance under sub. (5) (c), except at least \$200,000 or the full amount required under subd. 1, whichever is less, shall be expended in each fiscal year for wildlife damage claim payments. If the \$200,000 or the amount remaining in this appropriation, whichever is greater, is not sufficient to pay the full amount required under subd. 1, the department shall pay participating counties on a prorated basis.~~

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-T: Managed Forest Land Exemption

Governor's written objections.

Section 1501

This provision requires the Department of Natural Resources to deny a landowner's petition to enroll in the Managed Forest Program if the land is in a town entirely surrounded by water, the land totals more than five percent of the area of the town and the town board votes to deny the request. I have vetoed this provision because it applies to a single site and because all petitions for enrollment under the Managed Forest Program should be treated and evaluated equally. This limited exception would encourage proposals for additional and broader exemptions.

This provision also establishes a two-tiered approval process. Both town and department approval may be required before land could be entered into the program. This is undesirable because it will slow down the process of enrollment, create administrative difficulty for the department and will be confusing to the applicant. Allowing town boards to restrict landowner entry to the Managed Forest Program would jeopardize an important economic development program designed to improve forest productivity.

Cited segments of 1985 Assembly Bill 85:

SECTION 1501. Subchapter VI of chapter 77 of the statutes is created to read:

77.82 Managed forest land; petition.

(7) DECISION.

Vetoed in Part

~~(b)(i) Notwithstanding pars. (a) and (b), if the parcel is located in a town surrounded entirely by water in which the land entered under subch. 1 and this subchapter totals 5% or more of the area of the town, the~~

~~department shall deny a petition under sub. (2) or (4) if the town board, by a majority vote, adopts a motion requesting the denial and the town clerk, within 60 days after receipt of the written notice under sub. (5) (a), provides a certified copy of the motion to the department and the petitioner. Notwithstanding s. 77.82, the petitioner is not entitled to a hearing on the denial.~~

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-U: Landowner Preference

Governor's written objections.

Section 659

This section sets aside 30 percent of special deer hunting permits for qualified landowners. In addition, it gives preference for the remaining 70 percent of the permits to those applicants who were unsuccessful in acquiring a special deer hunting permit in the previous year. The section unintentionally allows landowners qualifying for the 30 percent preference category to be eligible for the remaining 70 percent. I have vetoed this provision because inclusion of eligible landowners in both preference categories exceeds the level of preference intended and would not be equitable for nonlandowners or unqualified landowner applicants.

Cited segments of 1985 Assembly Bill 85:

SECTION 659. 29.107 of the statutes is repealed and recreated to read:

29:107 Special deer hunting permits.

(5) PREFERENCE CATEGORIES.

(b) *Unsuccessful resident applicants.* After issuing special deer hunting permits under par. (a), the department shall give next preference in the issuance

of those special permits to resident applicants who applied for but were not issued a special permit in the preceding year. Applicants who are qualified landowners but who are not issued a special deer hunting permit under par. (a) and were not issued a special permit in the preceding year shall be included in this preference category.

Vetoed in Part

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-V: Farmland Preservation — 10 Percent Minimum Credits

Governor's written objections.

Sections 1338sg, 1338sh and 3203(46)(w)

These sections allow farmers to receive a 10 percent minimum credit for eligible property taxes in areas not covered by exclusive agricultural zoning regardless of their income. Under current law, only participants in zoned areas are eligible for 10 percent minimum credits if their income is too high to claim a credit under the formula. I am vetoing this change to the farmland preservation program because it reduces the incentive for local governments to approve exclusive agricultural zoning, and benefits a small number of high income farmers.

Farmland preservation credits are designed to encourage zoning controls and provide tax relief to low and moderate income farmers. The proposed minimum credit would provide \$500 each to only about 500 farmers with household incomes over \$36,000. The biennial cost of these provisions is \$1 million GPR based on the assumption that more high income farmers would sign agreements once a minimum credit is available. This veto continues the policy of targeting tax credits to farmers with low and moderate incomes, high property taxes and land protected by exclusive agricultural zoning.

Cited segments of 1985 Assembly Bill 85:

~~SECTION 1338sg, 71.09 (11) (b)(w) of the statutes is renumbered 71.09 (11) (b)(w) 1.~~

~~SECTION 1338sh, 71.09 (11) (b)(w) 2 of the statutes is created to read:~~

~~71.09 (11) (b)(w) 2. Notwithstanding par. (b) or~~

~~subd. 1, if the farmland is subject to a farmland preservation agreement, the amount of the claim is 10% of the property taxes accrued; the amount determined under par. (b) or the amount determined under subd. 1, whichever is greater.~~

Vetoed in Part

Vetoed in Part

SECTION 3203. **Initial applicability.**
(46) REVENUE.

~~the creation of section 71.09 (11) (b) 2 of the statutes~~ **Vetoed in Part**
by this act first apply to claims filed under section 71.09 (11) of the statutes for taxable year 1985.

Vetoed in Part (w) *Farmland preservation credit*. The treatment of section 71.09 (11) (b) 3, d and (b) of the statutes and

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-W: Expanded Farmland Preservation Tax Credit Brackets

Governor's written objections.

Sections 1338rm and 3203(46)(x)

I am vetoing provisions which modify the farmland preservation credit formula providing an average four percent increase for approximately one-half of participating farmers. I am vetoing this modification because it would increase program costs by \$4 million over the next biennium, but would provide very marginal increases to individual farmers and would not provide additional incentives for new participants. Those who would benefit under these vetoed provisions would see their average credit of \$2,550 increase to \$2,650. Even without these bracket changes, the program will grow from \$28 million in 1984-85 to nearly \$36 million in 1986-87. The marginal increase which I am vetoing primarily benefits participating farmers already receiving large credits and is a costly modification to a rapidly growing program. The farmland preservation program already provides substantial property tax relief for farmers in the program. Participating farmers receive income tax credits which amount to an average of 40 percent of their property tax bills.

A separate provision in the budget requires the Department of Public Instruction to use current year values in calculating school aids and credits. This action, recommended by my Commission on Agriculture, will provide additional property tax relief to all farmers because recent declines in farm values will be more quickly and accurately reflected. In addition, I endorse the provision which increases the credit for town zoning agreements from 70 percent to 90 percent. This latter provision is consistent with the dual purposes of farmland preservation.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part

~~SECTION 1338rm. 71.09 (11) (b) 2 of the statutes is amended to read:
71.09 (11) (b) 2. The credit allowed under this subsection shall be limited to 90% of the first \$2,000 \$2,500 of excessive property taxes plus 70% of the next \$2,000 of excessive property taxes plus 50% of the next \$2,000 next \$1,500 of excessive property taxes. The maximum credit shall not exceed \$4,200 \$4,400 for any claimant. The credit for any claimant shall be the greater of either the credit as calculated under this subsection as it exists at the end of the year for which~~

~~the claim is filed or as it existed on the date on which the farmland became subject to a current agreement under subch. II or III of ch. 91, using for such calculation: household income and property taxes accrued of the year for which the claim is filed.~~

Vetoed in Part

SECTION 3203. **Initial applicability.**
(46) REVENUE.

~~(x) *Farmland preservation credit maximum credit*. The treatment of section 71.09 (11) (b) 2 of the statutes by this act first applies to taxable year 1985.~~ **Vetoed in Part**

Subject Area: 3. ENVIRONMENTAL AND COMMERCIAL RESOURCES

Item 3-X: Meat Sales to Nonprofit Organizations

Governor's written objections.

Section 1645m

I am vetoing provisions allowing persons who sell inspected meat directly to consumers and exempt from state or federal meat licensure to make occasional sales of meat products to nonprofit organizations. Allowing sales to nonprofit organizations by nonlicensed businesses conflicts with federal meat inspection program standards. As a result, federal grants which support state inspection responsibilities may be threatened. In addition, nonprofit organizations which may lack professional food preparation expertise benefit from the additional protection provided by purchasing meat from licensed and inspected meat processors. This veto retains the current requirement that nonprofit organizations purchase meat from licensed meat processors.

Cited segments of 1985 Assembly Bill 85:

SECTION 1645m. 97.42 (2) (b) of the statutes is amended to read:

97.42 (2) (b) Paragraph (a) shall does not apply to persons processing any person operating an establishment that only processes meat or poultry products, or meat or poultry food products, for sale directly to consumers at retail on the premises where such the products were processed if only inspected meat is permitted on the premises, and sales to restaurants and institutions are restricted to 25% of the volume of

~~meat sales or \$28,800 annually, whichever is less. A person exempt from licensure under this paragraph may make occasional sales of meat products to nonprofit organizations if the organizations take delivery of the meat products on the premises where processed. No person exempt from license licensure under this paragraph shall may sell any cured, smoked, seasoned, canned or cooked meat food products produced by that person to restaurants or institutions.~~

**Vetoed
in Part**

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-A: Homestead Tax Credit

Governor's written objections.

Sections 1337, 1337e, 1337k, 1337p and 1337v

These sections expand the Homestead tax credit program by \$38.4 million in the 1985-87 budget period. Homestead is an extremely important tax relief program which I consistently supported during my years in the Legislature. As Governor, I signed 1983 Wisconsin Act 212 which expanded annual Homestead funding by \$20 million for claims paid this year. However, I am vetoing these sections because the program expansion provided in the budget is excessive. I will introduce a bill in the September floor period which will raise Homestead funding in a manner consistent with the Joint Finance version of the budget bill. The Joint Finance version increased Homestead funding by \$18 million.

Such a substitute would continue the trend of generous increases in Homestead tax relief provided during my administration. In FY 1983, the cost of Homestead was approximately \$84 million. For FY 1985, the cost rose to an estimated \$103 million. Under my proposal for the fall session, the funding for FY 1986 would be about \$110 million.

The Joint Finance version of Homestead would have increased the income ceiling and maximum aidable property taxes to \$17,500 and \$1,300 from the current law levels of \$16,500 and \$1,200. For the 1982-83 claim year, the income and property tax levels were \$14,000 and \$1,000 respectively. Since 1982-83 then, the Joint Finance package would result in a 25 percent increase in the income ceiling and 30 percent boost in the maximum amount of aidable property tax.

The following examples provide a better sense of what such a substitute Homestead bill would mean for needy claimants.

A household with \$8,000 of income and \$850 in property tax in 1982-83 would have had a \$480 Homestead credit. Under current law, the credit is \$617. This would rise to \$680 if the Joint Finance alternative were adopted. In percentage terms, the credit increase is nearly 42 percent above the 1982-83 level and 10.2 percent above the existing one. For a household with \$12,000 of income and \$1,150 in property tax, the Homestead credit would be \$200 in 1982-83, \$435 in 1984-85 and \$482 in 1985-86 under the Joint Finance plan. Again, there is a substantial increase, 141 percent over the 1982-83 level and 10.8 percent above current law.

I have vetoed these sections, but the bill that I will introduce in September will underscore my commitment to the Homestead program.

Cited segments of 1985 Assembly Bill 85:

SECTION 1337. 71.09 (7) (a) 8 of the statutes is renumbered 71.09 (7) (a) 7 and amended to read:

71.09 (7) (a) 7. "Property taxes accrued" means property taxes, exclusive of special assessments, delinquent interest and charges for service, levied on a claimant's homestead in 1964 or any calendar year thereafter under ch. 70, less the tax credit, if any, afforded in respect of such property by s. 79.10 (3) to (5). If a homestead is owned by 2 or more persons or entities as joint tenants or tenants in common and one or more such persons or entities is not a member of the claimant's household, "property taxes accrued" is that part of property taxes levied on such homestead (reduced by the tax credit under s. 79.10 (3) to (5)) as reflects the ownership percentage of the claimant and the claimant's household. A marital property agreement under s. 766.58 has no effect in computing "property taxes accrued" for a person whose homestead is not the same as the homestead of that person's spouse. For purposes of this paragraph property taxes are "levied" when the tax roll is delivered to the local treasurer with the warrant for collection. If a homestead is sold during the calendar year of the levy the "property taxes accrued" for the seller and buyer shall be the amount of the tax levy prorated to each in the closing agreement pertaining to the sale of the homestead or, if not so provided for in the closing agreement, the tax levy shall be prorated between seller and buyer in proportion to months of their respective ownership, provided that the seller and buyer occupy the homestead during the periods of their respective ownership. If a household owns and occupies 2 or more homesteads in the same calendar year "property taxes accrued" shall be the sum of the prorated taxes attributable to the household for each of such homesteads. If the household owns and occupies the homestead for part of the calendar year and rents a homestead for part of the calendar year, it may include both the proration of taxes on the homestead owned and "rent constituting property taxes accrued" with respect to the months the homestead is rented, in computing the amount of the claim under pars. (gn) to (grrr) (grrr). If a homestead is an integral part of a multipurpose or multidwelling building, property taxes accrued are the percentage of the property taxes accrued on that part of the multipurpose or multidwelling building occupied by the household as a principal residence plus that same percentage of the

property taxes accrued on as much of the land surrounding it, not exceeding one acre, that is reasonably necessary for use of the multipurpose or multidwelling building as a principal residence, except as the limitations of par. (h) apply. If the homestead is part of a farm, "property taxes accrued" are the property taxes accrued on up to 120 acres of land contiguous to the claimant's principal residence and include the property taxes accrued on all improvements to real property located on such land, except as the limitations of par. (h) apply. For claims for 1967 and subsequent years, monthly parking permit fees collected under s. 66.058 (3) (c) shall be considered property taxes.

~~SECTION 1337e. 71.09 (7) (grn) (intro.) of the statutes is amended to read:~~

~~71.09 (7) (grn). The amount of any claim filed in 1985 or thereafter and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:~~

~~SECTION 1337k. 71.09 (7) (grn) of the statutes is created to read:~~

~~71.09 (7) (grn). The amount of any claim filed in 1986 and thereafter and based on property taxes accrued or rent constituting property taxes accrued during the previous year is limited as follows:~~

~~1. If the household income was \$8,650 or less in the year to which the claim relates, the claim is limited to 80% of the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead.~~

~~2. If the household income was more than \$8,650 in the year to which the claim relates, the claim is limited to 80% of the amount by which the property taxes accrued or rent constituting property taxes accrued or both in that year on the claimant's homestead exceeds 13.527% of the household income exceeding \$8,650.~~

~~3. No credit may be allowed if the household income of a claimant exceeds \$19,000.~~

~~SECTION 1337p. 71.09 (7) (h) 5 of the statutes is amended to read:~~

~~71.09 (7) (h) 5. In calendar year 1984, or any subsequent calendar year, \$1,200.~~

~~SECTION 1337v. 71.09 (7) (h) 6 of the statutes is created to read:~~

~~71.09 (7) (h) 6. In calendar year 1985 or any subsequent calendar year, \$1,400.~~

Vetoed in Part

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-B: Mining — Local Impact Committees

Governor's written objections.

Section 1958c, 3201(46)(bm) and 3202(46)(km)

These sections would completely delete the authorization for local impact committees to request money from the Mining Investment and Local Impact Fund Board and for the Board to grant funds to the local impact committees. Removal of authorization of grants to local impact committees would make it difficult for local governments to participate fully in the decision-making processes involved in mining development. Over the past few years, the Board has imposed tighter fiscal guidelines and monetary limits on grants to local impact committees, and is working with them to coordinate local participation in decision-making. The efforts of the Board and local governments in the last few years would be negatively affected by this restriction. I have therefore vetoed these sections.

Cited segments of 1985 Assembly Bill 85:

| | | | |
|---------------------------|---|--|---------------------------|
| Vetoed in Part | <p>SECTION 1958c. 144.838 (4) of the statutes is repealed and recreated to read: 144.838 (4) Committees established under sub. (1) or (2) may be funded by their appointing authority.</p> | <p>Committees may hire staff members, enter into contracts with private firms or consultants and contract with a regional planning commission or other agency for staff services.</p> | Vetoed in Part |
|---------------------------|---|--|---------------------------|

SECTION 3201. Program responsibility changes.
(46) REVENUE.

| | | | | | | | | | | |
|---------------------------|---|---------------------|----------|----------|------------------|--------------------|---------------------|------------|-------------|------|
| Vetoed in Part | <p>(bm) Investment and local impact fund board.</p> <table border="0"> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> <td style="text-align: center;">C</td> </tr> <tr> <td style="text-align: center;">Statute Sections</td> <td style="text-align: center;">References Deleted</td> <td style="text-align: center;">References Inserted</td> </tr> <tr> <td style="text-align: center;">19.481 (3)</td> <td style="text-align: center;">144.838 (4)</td> <td style="text-align: center;">none</td> </tr> </table> | A | B | C | Statute Sections | References Deleted | References Inserted | 19.481 (3) | 144.838 (4) | none |
| A | B | C | | | | | | | | |
| Statute Sections | References Deleted | References Inserted | | | | | | | | |
| 19.481 (3) | 144.838 (4) | none | | | | | | | | |

SECTION 3202. Cross-reference changes.
(46) REVENUE.

| | | | | | | | | | | | | | |
|---------------------------|--|---|----------|----------|------------------|----------------------|----------------------|---------------|--|---------------------------|---------------|--|---|
| Vetoed in Part | <p>(km) Investment and local impact fund.</p> <table border="0"> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> <td style="text-align: center;">C</td> </tr> <tr> <td style="text-align: center;">Statute Sections</td> <td style="text-align: center;">Old Cross-References</td> <td style="text-align: center;">New Cross-References</td> </tr> <tr> <td style="text-align: center;">20.566 (7)(e)</td> <td style="text-align: center;">70.395, 144.838 (4) and 144.855 (5)(a)</td> <td style="text-align: center;">70.395 and 144.855 (5)(a)</td> </tr> <tr> <td style="text-align: center;">20.566 (7)(v)</td> <td style="text-align: center;">70.396 (2)(d) to (g), 144.855 (5)(a) and 144.838 (4)</td> <td style="text-align: center;">70.395 (2)(d) to (g) and 144.855 (5)(a)</td> </tr> </table> | A | B | C | Statute Sections | Old Cross-References | New Cross-References | 20.566 (7)(e) | 70.395, 144.838 (4) and 144.855 (5)(a) | 70.395 and 144.855 (5)(a) | 20.566 (7)(v) | 70.396 (2)(d) to (g), 144.855 (5)(a) and 144.838 (4) | 70.395 (2)(d) to (g) and 144.855 (5)(a) |
| A | B | C | | | | | | | | | | | |
| Statute Sections | Old Cross-References | New Cross-References | | | | | | | | | | | |
| 20.566 (7)(e) | 70.395, 144.838 (4) and 144.855 (5)(a) | 70.395 and 144.855 (5)(a) | | | | | | | | | | | |
| 20.566 (7)(v) | 70.396 (2)(d) to (g), 144.855 (5)(a) and 144.838 (4) | 70.395 (2)(d) to (g) and 144.855 (5)(a) | | | | | | | | | | | |

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-C: Treatment of Retirement Benefits (Technical)

Governor's written objections.

Section 3204(46)(s)

This section inadvertently provides a delayed effective date for some persons with respect to language which clarifies that the public employe's retirement exemption does not apply to tax sheltered annuity benefits. I have

vetoed this section but have not vetoed the initial applicability date for this change which is specified in Section 3203(46)(um) as taxable year 1985.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 3204. Effective dates. (46) REVENUE. ~~(S) Restriction benefits. The treatment of section~~

~~81.03 (2) (d) of the statutes in respect to individuals who retire on or after March 9, 1984, takes effect on January 1, 1986.~~

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-D: Clarification of Depreciation Treatment

Governor's written objections.

Section 1281j

The intent of this section, together with other sections of the bill, is to disallow current federal depreciation treatment for residential rental real property and certain farm property placed in service after 1985. The tax code provisions affected by this section of the bill provide statutory guidance to corporations commencing business in Wisconsin in determining depreciation for all types of assets, including those placed in service in prior years. The wording of this section would inadvertently restrict the statutory guidance to residential rental and farm property; thereby creating a statutory void regarding the depreciation treatment of other assets. I have vetoed this section to prevent this confusion.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 1281j. 71.04 (15) (f) of the statutes is amended to read: 71.04 (15) (f) With respect to property that is residential real property or, subject to the dollar amount limits in par. (b), used in farming, as defined in section 464 (c) (1) of the internal revenue code, and acquired before taxable year 1986 by any corporation which has, in any taxable year prior to deriving income with a Wisconsin situs for Wisconsin income or franchise tax purposes, taken depreciation or amortization of depreciable property for federal income tax purposes, the federal adjusted basis of its depreciable property as of the beginning of the income year in which such corporation begins operations in this state shall be the Wisconsin adjusted basis of such property. For tax-

~~able years ending before January 1, 1981, with respect to any corporation listed under par. (b)(a) 1 and 2, and with respect to property that is residential real property or, subject to the dollar amount limits in par. (b), used in farming, as defined in section 464 (c) (1) of the internal revenue code, and acquired in taxable year 1986 and thereafter by any corporation, which has, in any year prior to deriving income with a Wisconsin situs for Wisconsin income or franchise tax purposes, taken depreciation or amortization of depreciable property for federal income tax purposes, the federal adjusted basis of its depreciable property as of the beginning of the income year in which such corporation begins operations in this state shall be the Wisconsin adjusted basis of such property.~~

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-E: Uniform Property Tax Bill

Governor's written objections.

Sections 1216r and 3046(14r)

These sections duplicate the intent of 1985 Wisconsin Act 12 (full disclosure property tax bill). Wisconsin Act 12 requires that beginning with property tax bills for 1985, the bill, or an insert accompanying the bill, include

information on the amount of school aids, VTAE aids, highway aids and state shared revenues, in addition to information already provided on state tax credits. However, the language included in the budget bill imposes an unnecessarily restrictive format. The language will require a number of additional calculations by local clerks to fulfill the format and detail requirements. More than 400 taxing districts do not use automated equipment to prepare their tax bills, rather they are prepared manually each year. The additional requirements will present these taxing jurisdictions with insufficient time to automate or to contract with a service bureau since the extent of the work required will not allow for timely issuance of tax bills under a manual system. I have vetoed these sections in their entirety, thereby restoring current law and the provisions of the 1985 Wisconsin Act 12.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part

SECTION 1216. 70.665 of the statutes, as affected by 1985 Wisconsin Act 12, is repealed and recreated to read:

70.665 Tax bill. (1) The real and personal property tax bills prepared by the clerks of all taxation districts shall be mailed to taxpayers, or to the taxpayer's designee with a copy furnished to the taxpayer by the designee, be uniform, be prescribed by the department of revenue and shall show:

(a) The name and address of the property owner and, in respect to real property, the description of the property.

(b) The assessed value of the property as it appears on the tax roll and the estimated fair market value of the property. The clerks shall also include with the tax bill an explanation prescribed by the department of revenue of the procedure used to establish the estimated fair market value. In this paragraph, "estimated fair market value" means the assessed value of the property divided by the assessment ratio of all taxable property in the taxation district for the same year, as determined by the department of revenue.

(c) For each property taxpayer:

1. a. The amount of the school district tax allocable to the property that would be levied if there were no distribution of general and categorical school aids under chs. 115 and 121 and ss. 24.78 and 43.70.

b. The amount of those aids allocable to the property distributed to the school district for which the taxpayer pays taxes plus the school district's portion of state tax credits as determined under par. (d).

c. The amount of the school district tax minus the school district's portion of state tax credits as determined under par. (d) allocable to the property.

2. a. The amount of the vocational, technical and adult education district tax allocable to the property that would be levied if there were no distribution of aids under ss. 38.28 and 38.32.

b. The amount of those aids allocable to the property distributed to the vocational, technical and adult education district for which the taxpayer pays taxes plus that district's portion of state tax credits as determined under par. (d).

c. The amount of the vocational, technical and adult education district tax minus the district's portion of state tax credits as determined under par. (d) allocable to the property.

Vetoed in Part

3. a. The amount of municipal taxes and county taxes allocable to the property that would be levied if there were no distribution of highway aids under s. 86.30 and shared revenue under subch. I of ch. 79.

b. The amount of that highway aid and shared revenue allocable to the property paid to the municipality or county for which the taxpayer pays taxes, plus the municipality's or county's portion of state tax credits as determined under par. (d).

c. The amount of the municipality's or county's tax minus the municipality's or county's portion of state tax credits as determined under par. (d).

4. a. The amount of taxes for each other jurisdiction allocable to the property.

b. The jurisdiction's portion of state tax credits as determined under par. (d).

c. The jurisdiction's tax minus the jurisdiction's portion of state tax credits as determined under par. (d).

5. a. The total amount of tax allocable to the property that would be levied if there were no distribution of state aids specified in subds. 1 to 4.

b. The total amount of state aids and credits specified in subds. 1 to 4 allocable to the property.

c. The total amount of tax allocable to the property minus the amount of tax credits distributed under subch. II of ch. 79.

d. The aggregate net tax rate after distribution of credits under subch. II of ch. 79.

(d) For the purpose of their being shown on the tax bill only, each taxing jurisdiction's portion of the tax credits distributed under subch. II of ch. 79 shall equal the amount determined as follows:

a. For bills before those based on the 1987 assessment, divide the amount of the jurisdiction's tax allocable to the property that would be levied if there were no distribution of the aids specified in par. (c) by the total tax allocable to the property that would be levied for all jurisdictions if there were no distribution of aids specified in par. (c). For bills beginning with those based on the 1987 assessment, divide the amount of the jurisdiction's tax allocable to the property levied net of credits applied under s. 79.10 (9), except credits determined under s. 79.10 (7m), by the total tax allocable to the property levied net of credits applied under s. 79.10 (9), except credits determined under s. 79.10 (7m).

**Vetoed
in Part**

b. Multiply the result under subd. 1. a. by the total of the amounts determined under ss. 79.10 (4) and (5) and 79.105 allocable to the property.

c. Add to the amount under subd. 1. b. for school districts only, the amount of the credits as determined under s. 79.10 (3) allocable to the property.

(e) If possible, the total amount of tax allocable to the property that was levied the preceding year.

(2) The dollar amounts required under sub. (1) shall correspond to the calendar year that includes the due date for the property taxes.

(3) The real property tax bills prepared by the clerks of all taxation districts shall include a notice

prescribed by the department of revenue that the taxpayer may be eligible for the homestead credit.

(4) Failure to receive a tax bill does not affect the validity of the taxes levied or the collection of delinquent taxes.

**Vetoed
in Part**

SECTION 3046. Nonstatutory provisions; revenue.

(14) TAX STATEMENTS. Notwithstanding the treatment of section 70.665 of the statutes by this act, taxation district clerks may, for tax bills for 1985, furnish the information required under section 70.665 of the statutes to each taxpayer by separate notice prescribed by the department of revenue with each tax bill.

**Vetoed
in Part**

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-F: Sales Tax Exemption — Motorized Wheelchairs

Governor's written objections.

Section 1491p

This section expands the sales and use tax exemption for wheelchairs to include motorized wheelchairs, scooters and other personal property used as substitutes for wheelchairs. The proposed exemption is good public policy in substance. However, I have vetoed the language referring to "other personal property used as substitutes for wheelchairs" because it is too broad and could include such things as automobiles. This technical veto makes the desired change but removes the overly broad language.

Cited segments of 1985 Assembly Bill 85:

**Vetoed
in Part**

SECTION 1491p. 77.54 (22) (e) of the statutes is amended to read:
77.54 (22) (e) Crutches and wheelchairs, including

motorized wheelchairs, and scooters and other similar personal property used as substitutes for wheelchairs for the use of persons who are ill or disabled.

**Vetoed
in Part**

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-G: Tax Refunds — Local Governments

Governor's written objections.

Sections 1434s, 3202(46)(jp) and 3203(46)(np)

This section would require that if a municipality must refund property taxes to an individual taxpayer due to an error in preparing the tax bill, the municipality can charge the school and county for their "share" of the refund. While this may sound like a reasonable proposal, in fact it would result in an unwarranted shift of property taxes

from taxpayers in the municipality to other taxpayers in the same school district and county. This will occur because the amount of school and county taxes apportioned to a municipality is not affected by assessed values or by an error on the tax bill. Since there is no justification for charging the school and county for a share of the refund, I have vetoed these sections in their entirety.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 1434g. 74.735 of the statutes is created to read:
74.735 Credits for canceled and unlawful taxes. Notwithstanding s. 70.51(2), if any town, city or village has canceled taxes under s. 74.135 or refunded unlawful taxes under s. 74.73 after a settlement based

in part on those taxes by that town, city or village with any other taxing jurisdiction, including this state, the other taxing jurisdiction shall credit the town, city or village in the settlement during the next year for the amount of those taxes paid by the town, city or village to the other taxing jurisdiction.

Vetoed in Part

SECTION 3202. Cross-reference changes.

(46) REVENUE.

(j) Canceled taxes.

Vetoed in Part

| A | B | C |
|------------------|----------------------|--------------------------|
| Statute Sections | Old Cross-References | New Cross-References |
| 20.913 (1)(b) | 74.73, 76.13 (3) | 74.73, 74.735, 76.13 (3) |

SECTION 3203. Initial applicability.

(46) REVENUE.

(j) Canceled taxes. The treatment of section

74.735 of the statutes by this act first applies to taxes canceled and unlawful taxes refunded on the effective date of this paragraph.

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-H: Out-of-State Partnerships

Governor's written objections.

Sections 1281m and 3203(46)(yd)

The budget bill contains a number of provisions which restrict the use of ACRS depreciation in connection with residential rental and farm property. The intent of the Legislature was to reduce the extent to which such property can be employed in tax shelter activities. However, the sections noted here would preserve ACRS claimed on farm and residential rental property located outside the state and owned by non-Wisconsin partnerships. It is questionable public policy to provide tax advantages for out-of-state investments while denying them to in-state ones. In addition, the wording of the specific provisions is unworkable. Therefore, I have vetoed these sections in their entirety.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 1281m. 71.044 of the statutes is created to read:
71.044 Resident partners of nonresident partnerships. Resident partners of partnerships not subject to taxation under this chapter shall calculate their tax under the internal revenue code.

SECTION 3203. Initial applicability.

(46) REVENUE.

(yd) Partners. The treatment of section 71.044 of the statutes by this act first applies to taxable year 1986.

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-I: July 1985 Shared Revenue Payment

Governor's written objections.

Section 3046(5)

My budget proposal retained the July shared revenue payment at the 15 percent level, rather than allow a scheduled increase to 20 percent. The increase in the July payment is unnecessary since local governments receive property tax and credit funds in July and August. This nonstatutory provision was included to prevent potential administrative complications associated with late passage of the budget. Because the Legislature passed the budget bill in a timely manner, I have vetoed this section so that the 1985 July payment will be made at the 15 percent level consistent with the budget bill.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part SECTION 3046. Nonstatutory provisions; revenue. (5) SHARED REVENUE PAYMENTS. Notwithstanding the treatment of section 79.02 (2) (b) of the statutes by this act, if the treatment of that paragraph of the stat-

utes by this act takes effect on July 10, 1985, or thereafter, the July 1985 payment under that paragraph of the statutes is 20% of the municipality's or county's estimated payments for 1985.

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-J: Financial Administration Handbook

Governor's written objections.

Section 3046(9)

This section would prohibit the distribution to local governments of a free copy of the new financial administration handbook for small municipalities prepared by the Department of Revenue. My budget recommendation provided that each municipality would receive one free copy with a \$10 charge for any additional copies. Since the material in the handbook is intended to help clerks and treasurers complete their financial responsibilities which will result in more accurate reporting to state agencies and to local governing bodies, it is in the state's interest to assure that the handbook is available in every jurisdiction. Therefore, I have partially vetoed this section to remove the prohibition on the distribution of a free copy of the handbook to municipalities.

Cited segments of 1985 Assembly Bill 85:

SECTION 3046. Nonstatutory provisions; revenue. (9) FINANCIAL ADMINISTRATION HANDBOOK. The department of revenue shall charge municipalities for the copies of the department's financial administra-

tion handbook for small municipalities that are requested by them and may not distribute free copies to municipalities.

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-K: 1985 Utility Shared Revenue Payment

Governor's written objections.

Section 3046(6)

This section is intended to delay until 1986 the effective date of a minor shared revenue utility formula change, relating to exempt pollution abatement equipment. I included this section in my budget so that the one affected town and county would receive 1985 payments consistent with earlier estimates. I have partially vetoed this section to correct an incorrect statute cross-reference which failed to protect the town's 1985 payment.

Cited segments of 1985 Assembly Bill 85:

SECTION 3046. Nonstatutory provisions; revenue.
(6) SHARED REVENUE UTILITY PAYMENTS. For purposes of the 1985 distribution under section 79.04 ~~(2)~~ of the statutes, the value of treatment plant and pollution abatement equipment, as defined in section

70.11 (21) (a) of the statutes, as determined by the department of revenue, owned by companies taxed under section 76.48 of the statutes shall not be excluded from the amount shown in the account.

**Vetoed
in Part**

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-L: Tax Appeals Commission — Positions/Deadline

Governor's written objections.

Sections 1411, 3056(1) and 3203(46)(xb)

My 1985-87 budget proposal made several changes to the structure and procedures of the Tax Appeals Commission, including a provision for full-time Commission members. A primary goal was eliminating the backlog of cases which the Commission is experiencing, particularly the manufacturing assessment cases backlog. However, an amendment reduced two Commission positions to three-quarters time with terms expiring July 1, 1987. The severity of the backlog (over 1,100 cases) justifies authority for five full-time commissioners, at least through the 1985-87 biennium. The findings of a June 1985 Legislative Audit Bureau review of the manufacturing assessment process support my concern. Therefore, I am exercising my partial veto authority and eliminating the three-quarters time reference, thereby creating authorization for five full-time members.

Sections 1411 and 3203(46)(xb) would require that all manufacturing assessment appeals to the Tax Appeals Commission be heard and decided within one year of the filing of petitions, beginning in 1987. The manufacturing assessment appeal backlog is a serious problem which I have taken other steps in this budget bill to address. I have instructed the Secretary of Revenue to work with the Tax Appeals Commission to resolve this problem as soon as possible. However, it is impossible to meet the deadline established by this section, given available resources. I support the concept of a one-year turnaround time at a later date, once the current backlog is eliminated. I have partially vetoed these sections to eliminate the one-year requirement and, in so doing, make immediately applicable a second, workable requirement that the Tax Appeals Commission issue decisions within 90 days of the completion of proceedings.

Cited segments of 1985 Assembly Bill 85:

SECTION 1411. 73.01 (4m) of the statutes is created to read:

**Vetoed
in Part** 73.01 (4m) DEADLINE FOR DECISIONS. (a) The final decision or order of the commission shall be issued within one year after the filing of the petition for cases

~~under s. 70.995 and~~ within 90 days after the date on which the last document necessary to the decision of the matter is received or the date on which a hearing is closed, whichever is later, unless good cause is shown or unless the parties and the commission agree to an extension. **Vetoed
in Part**

SECTION 3056. Nonstatutory provisions; other.

(1) TAX APPEALS COMMISSION TERMS. Notwithstanding section 15.06 (1) (a) of the statutes, the terms of the present members, including the chairperson, of the tax appeals commission expire on October 1, 1985. Members of the tax appeals commission shall be nominated by the governor, and with the advice and consent of the senate appointed to the following terms: 2 members to three fourth's time positions the terms of which expire on July 1, 1987, one member to a term that expires on March 1, 1987, one member to a term that expires on March 1, 1989, and one member to a

term that expires on March 1, 1991. Thereafter, all members appointed under section 15.06 (1) (a) of the statutes shall serve for the terms prescribed in that paragraph.

SECTION 3203. Initial applicability.

(46) REVENUE.

~~(46) Tax appeals commission. The treatment of section 70.01 (4m) of the statutes by this act, in respect to appeals under section 70.995 of the statutes, first applies to petitions filed on January 1, 1987.~~

Vetoed in Part

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-M: Judicial Retirement Benefits

Governor's written objections.

Sections 724m, 729m, 3202(17) and 3203(17)

These sections provide that circuit court and court of appeals judges and Supreme Court justices would have their retirement benefits calculated upon the statutory salary level in effect at the time of retirement, instead of the present three-high-year average. These judges and justices may not now receive salary increases during their term of office unless a new judge is seated in their category at which time the current statutory salary becomes payable to all judges within that category.

I have vetoed this language because the actual effect of the restriction on salary increases and corresponding retirement benefits for judges and justices has been minimal. Salary increases for all judges and justices were authorized in 1979, 1980, 1983 and 1984. Except for 1979, the longest that sitting judges and justices had to wait to receive the new statutory salary was about one month. Establishing a statutory salary for benefit computation purposes for judges in lieu of the three-high year earning average could cause distortion and manipulation of retirement benefits for this select group of WRS participants and is contrary to the methodology used for all other general state employes and protectives. Further, this provision would provide significant "windfall benefits" for those individuals who stay on to the next statutory increase, and would also cause a disparity in benefits for those who retired before the change in statutory salary became effective.

Cited segments of 1985 Assembly Bill 85:

Vetoed in Part

~~SECTION 724m. 40.02 (22) (dm) of the statutes is created to read:~~

~~40.02 (22) (dm). For Wisconsin retirement system purposes only, for supreme court justices, court of appeals judges and circuit judges, means the compensation which would be payable to the participant at the time any justice or judge of the same court takes the oath of office.~~

~~SECTION 729m. 40.02 (33) (bm) of the statutes is created to read:~~

~~40.02 (33) (bm). For supreme court justices, court of appeals judges and circuit judges who so elect, one-twelfth of the annual salary which would be payable to the participant during the last completed month in which the participant was a participating employe in such a position if any justice or judge of the same court takes the oath of office during his or her term of office, but only with respect to service as a state elected official.~~

Vetoed in Part

SECTION 3202. Cross-reference changes.

(17) EMPLOYE TRUST FUNDS.

(a) Final average earnings, judges.

| A | B | C |
|------------------|-----------------------------|----------------------|
| Statute Sections | Old Cross-References | New Cross-References |
| 40.02 (22) (a) | para. (b), (c), (d) and (e) | para. (b) to (e) |

Vetoed in Part

SECTION 3203. Initial applicability.

~~(17) EMPLOYE TRUST FUNDS.~~

Vetoed
in Part

~~(a) Final average earnings for judges. The treatment of section 40.02(22)(fm) and (33)(bm) of the statutes~~

~~by this act first applies to any supreme court justice or judge of the court of appeals or circuit court at the time any justice or judge of the same court takes the oath of office after the effective date of this paragraph.~~

Vetoed
in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-N: Unemployment Compensation Changes

Governor's written objections.

Sections 1661g and 3029(3m)

These sections provide unemployment compensation benefits for privately employed school bus drivers for the period of May 26 through September 7, 1985 and deny benefits to individuals who perform transcription services for court reporters if the person is paid on a per diem basis. These sections change the package of taxes and benefits recently agreed upon by the Unemployment Compensation Advisory Council, the Department of Industry, Labor and Human Relations, and the Legislature and which I endorsed by signing 1985 Wisconsin Act 17.

I am vetoing these benefit changes for four reasons:

1. Benefits for school bus drivers represent an unfunded benefit increase which creates an imbalance in the Unemployment Compensation Fund. The Fund still owes the federal government \$389 million and may be harmed by this benefit increase.
2. Reinstatement of benefits for privately employed school bus drivers also would result in an inequity because publicly employed school bus drivers are not eligible for benefits under state and federal law.
3. Unemployment compensation should not be viewed as an income supplement.
4. Denial of benefits to individuals who transcribe for court reporters is currently under consideration by the Unemployment Compensation Advisory Council. Therefore, benefit denial is inappropriate at this time because it has not received Council review and approval. In addition, the provision may not accomplish its purpose of relieving court reporters of the responsibility of paying UC taxes. Benefits are denied in the provision but taxes are not eliminated.

Cited segments of 1985 Assembly Bill 85:

Vetoed
in Part

~~SECTION 1661g. 108.02(15)(k) 15 of the statutes is amended to read:
108.02(15)(k) 15. By an individual as a court reporter or a transcriber for a court reporter if the individual receives wages on a per diem basis; or~~

~~shall not be applied to disqualify an individual claiming unemployment compensation benefits during the period commencing on May 26, 1985, and ending on September 7, 1985. The department of industry, labor and human relations shall retroactively reimburse any individual who was eligible to receive benefits during the period between May 26, 1985, and the effective date of this subsection but for the application of section 108.04(17)(d) of the statutes for the benefits to which he or she is entitled under this subsection.~~

Vetoed
in Part

Vetoed
in Part

~~SECTION 3029. Nonstatutory provisions; industry, labor and human relations.
(3m) UNEMPLOYMENT COMPENSATION FOR SCHOOL BUS DRIVERS. Notwithstanding 1985 Wisconsin Act 17, section 67(1), section 108.04(17)(d) of the statutes~~

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-O: Salary Cap for New Public Defenders

Governor's written objections.

Section 3042(2)

This section provides that staff attorneys hired in 1985-87 may not receive a gross starting salary exceeding \$20,000 annually unless the person possesses pertinent work experience, excluding experience gained in attaining a law degree. This provision was intended to address the disparity between district attorneys and public defenders. I am vetoing the salary cap proposal because of problems it will cause for the agency management. Over 25 new attorneys would be on one salary schedule with the existing staff of 175 on another, although both groups would be doing identical work, are similarly qualified, and located in the same offices. Moreover, starting attorneys in other agencies are not subject to the salary cap. Therefore, this select group of Public Defender attorneys would be on a different salary track than all other state-employed attorneys. This will hamper the State Public Defender's recruitment efforts and restrict its ability to meet Affirmative Action goals. It is my intention that the agency meet the increased salary costs within existing resources.

Cited segments of 1985 Assembly Bill 85:

SECTION 3042. Nonstatutory provisions; public defender board.

~~ing the 1985-87 biennium may receive a starting gross salary exceeding \$20,000 annually unless the person possesses pertinent work experience, excluding work experience gained in attaining a law degree.~~

Vetoed in Part

~~(2) ATTORNEY SALARIES. No person hired as a staff attorney for the office of the state public defender dur-~~

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-P: Municipal Judge Education

Governor's written objections.

Sections 542c and 2345m

These sections require the use of state general purpose revenues for most costs associated with state required municipal judge training. They also eliminate the program revenue appropriation established in the 1983-85 biennium for this purpose. I agree with the need for required education for municipal judges, but I think the affected municipalities should be responsible for the associated costs. When the Legislature mandated in 1983 that the Supreme Court establish these requirements, it specified that the municipalities would bear the cost of the programs provided by the courts. Since the Supreme Court only recently established the training requirements, the program revenue appropriation has not been used. I am vetoing the use of GPR funds in order that the program revenue approach be given an opportunity to work. I will direct that these funds, \$45,500 GPR in 1985-86 and \$76,100 GPR in 1986-87, be placed in unallotted reserve to lapse to the general fund balance.

Cited segments of 1985 Assembly Bill 85:

~~SECTION 542c. 20.680 (2) (f) of the statutes is repealed.~~

~~All moneys collected by the supreme court under this section shall be deposited in s. 20.680 (2) (f), except that municipalities shall pay for travel, food and lodging costs of municipal judges participating in those programs.~~

Vetoed in Part

~~SECTION 2345m. 755.18 (2) of the statutes is amended to read:~~

~~755.18 (2) Municipalities. The state shall bear the cost of programs under sub. (1) provided by the court.~~

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-Q: Wisconsin Council on Criminal Justice — Appropriation Transfer

Governor's written objections.

Section 3113

This section eliminates 4.5 federal positions and transfers the associated savings from WCCJ's state operations appropriation to a local assistance appropriation. This transfer was amended into the budget because of concern that a disproportionate amount of federal juvenile justice funds were retained by the agency for technical assistance and research functions. I am vetoing this funding transfer because I am not convinced that WCCJ's expenditure plan has left the counties underfunded. The funding distribution plan was authorized by the federal Juvenile Justice Office, the granting agency. The federal act governing the funds in question states that the administering agencies should strive for a spending ratio of two-thirds local funds to one-third state funds. The current WCCJ spending split is 63 percent to local programs and 37 percent for state spending, which is very close to the recommended ratio. Under Section 3113 the local share would increase to 78 percent in 1985-86 and 82 percent in 1986-87 which clearly exceeds the levels anticipated by the funding authority. Moreover, the affected positions are not administrators but provide consulting services to the counties at a lesser cost than if the counties had to contract for them.

The Legislative Audit Bureau is about to undertake a review of this and related WCCJ issues. It is premature to intrude on the decision-making authority of the independent WCCJ body until it has been clearly demonstrated that it has acted inappropriately.

Cited segments of 1985 Assembly Bill 85:

~~SECTION 3113. Appropriation changes, criminal justice.
(1) COUNCIL ON CRIMINAL JUSTICE. There is transferred to the appropriation under section 20.420 (1) (p) of the statutes, as affected by this act, \$109,700~~

~~after September 30, 1985, in fiscal year 1985-86 and \$146,200 in fiscal year 1986-87 from the appropriation under section 20.420 (1) (m), as affected by this act, which includes a decrease of 4.5 FTE FTE positions effective October 1, 1985.~~

Vetoed in Part

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-R: Pay Inequities

Governor's written objections.

Section 3019(2p)

I praise the efforts of legislators to correct errors in our compensation system and to uniformly and economically apply pay equity adjustments. I too support these goals. However, after considerable fiscal, legal and policy analysis, I am vetoing certain provisions.

I have two concerns with s. 3019(2p)(b), which requires the Secretary of the Department of Employment Relations to reassign to the appropriate pay range all those who are currently placed at levels higher or lower than appropriate for their work. First, the Secretary of DER under existing statutes now has the responsibility and authority to keep the classification system current and accurate. DER already has the mandate, therefore, to reassign classifications to the proper pay range. Second, raising the salaries of *all* jobs found to be paid under the pay line standard, rather than just those shown to have gender-based discrimination problems, would add an additional \$17 to \$22 million GPR to the ongoing cost of this initiative. This action would be inconsistent with the intent of my budget proposal which is to remove pay discrimination liabilities.

Although I do agree that Wisconsin should eliminate irregularities which may exist in the state's compensation system without market or other legally defensible justifications, the provision in the budget bill under s.3019(2p)(c) that would require DER to evaluate and correct classifications and categories improperly assigned to a pay range higher than the pay line is unnecessary. DER already has this responsibility and authority. The study of the Comparable Worth Task Force will provide DER with data regarding which classifications and categories may be out of line. Under section 230.09(2)(b) the Secretary then will have responsibility for "reassigning classes to different pay rates or ranges" where appropriate. Chapter 230 and the rules of the Wisconsin Administrative Code provide specific methods and techniques which the Secretary shall apply to carry out this responsibility. Such evaluation and needed correction will be carried out by DER as a follow up to the Comparable Worth Task Force study.

There is potential continuing legal liability in s.3019(2p)(d), which requires that *all* classifications and academic staff job categories be included in the pay line formula for determining the degree to which pay inequities exist. The State of Wisconsin must not perpetuate the pay bias of female-dominated jobs into the pay equity corrections that are made. Only jobs that are free from discrimination should be included in the formula by which Wisconsin determines if underpayment exists. If not carried out in this manner, Wisconsin would face continuing legal liability even after making pay equity adjustments.

Cited segments of 1985 Assembly Bill 85:

SECTION 3019. Nonstatutory provisions; employment relations department.

Vetoed in Part

~~(2p) UNIFORM PAY EQUITY. (a) In this subsection, "task force on comparable worth" means the task force on comparable worth, created by executive order 44, dated January 25, 1984.~~

~~(b) The secretary of employment relations shall reassign to the appropriate pay range each classification and academic staff job category which the final report of the task force on comparable worth demonstrates is assigned to a pay range lower or higher than the pay range appropriate for the skill, effort, responsibility and working conditions required for the classification or academic staff job category.~~

~~(c) To correct pay inequities based on gender or~~

~~race, the secretary of employment relations shall evaluate and take appropriate steps for all classifications and academic staff job categories demonstrated by the final report of the task force on comparable worth to be assigned to a pay range higher than the pay range appropriate for the skill, effort, responsibility and working conditions required for the classification or academic staff job category to achieve the proper level of compensation.~~

Vetoed in Part

~~(d) Compensation for all classifications and academic staff job categories shall be calculated taking into account all classifications and academic staff categories and taking into account the relationship between the job evaluation point totals and the salaries of all classifications and academic staff categories.~~

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-S: Master Salary Schedule Exclusions

Governor's written objections.

Sections 2100h and 2100i

I am vetoing a provision that would exclude certain categories of state jobs from the application of a master salary schedule designed to correct pay structure problems. The veto will allow the Department of Employment Relations to examine minimum and maximum pay rates of all jobs so that similar jobs are assigned similar salary structures. If no veto is made, the master salary schedule could not be applied and separate schedules would continue to have pay structures with inappropriate minimum and maximum rates.

Cited segments of 1985 Assembly Bill 85:

SECTION 2100h. 230.12 (1) (b) of the statutes is renumbered 230.12 (1) (b) 1 and amended to read:

230.12 (1) (b) 1. The secretary shall develop a mas-

ter salary schedule. Except as provided in sub s. 2 under the master salary schedule, counterpart pay ranges in the separate pay schedules shall have the

Vetoed in Part

same minimum pay rates, maximum pay rates and permanent status in class minimum pay rates. The several separate pay schedules may incorporate different pay structures and wage and salary administration features. Each schedule shall provide for pay ranges or pay rates and applicable methods and frequency of within range pay adjustments based on such considerations as competitive practice, appropriate principles and techniques of wage and salary administration and determination, elimination of pay inequities based on gender or race, and the needs of the service. Not limited by enumeration, such considerations for establishment of pay rates and ranges and applicable within range pay adjustments may include provisions prevalent in schedules used in other public and private

employment, professional or advanced training, recognized expertise, or any other criteria which assures state employee compensation is set on an equitable basis.

SECTION 2100i. 230.12 (1) (b) 2 of the statutes is created to read:

230.12 (1) (b) 2. The secretary may ~~not, for the purpose of complying with this paragraph,~~ reformulate any separate pay schedule existing on the effective date of this subdivision [revisor inserts date], which is not compatible with the master salary schedule, ~~but the secretary shall attempt to ensure that pay for positions covered by such a separate schedule is comparable to pay for positions requiring similar skill, effort, responsibility and working conditions.~~

Vetoed in Part

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-T: Robert L. Borum Claim

Governor's written objections.

Section 3056(9b)

This section authorizes a \$125,000 GPR payment to Robert L. Borum in 1985-86 to compensate him for a permanent partial disability. Settlement of this claim as part of the 1985-87 budget bill raises constitutional issues. Article IV, section 18 of the Wisconsin Constitution states that no private bill passed by the Legislature may embrace more than one subject and that subject must be expressed in the title. This section solely benefits one individual and is unquestionably a private bill. As such, it is unconstitutionally housed in the budget bill. Furthermore, this claim has already followed established statutory procedures and a recommendation has been made from the State Claims Board. I support settlement of this claim through a separate piece of legislation, which will retain the established statutory procedure.

Cited segments of 1985 Assembly Bill 85:

SECTION 3056. Nonstatutory provisions; other.

Vetoed in Part

~~(9b) ROBERT L. BORUM CLAIM. There is authorized and directed to be expended from the appropriation under section 20.505 (4) (d) of the statutes, as affected by the acts of 1985, \$125,000 to Robert L. Borum, Milwaukee, Wisconsin, to compensate him for permanent partial disability and suffering. His disability results from an industrial accident which occurred in Kenosha on March 1, 1955, and has not been recom-~~

~~pensed due to the state industrial commission's November 30, 1955, denial of his claim of permanent injuries, and the operation of chapter 102 of the statutes which limits the claimant to a single cause of action. Acceptance of this payment operates as a full and complete release to the state for any further claim by Mr. Borum arising out of his injury and the consideration thereof by the industrial commission.~~

Vetoed in Part

Subject Area: 4. GENERAL GOVERNMENT OPERATIONS

Item 4-U: JCF Review of Pay Plan Supplements

Governor's written objections.

Sections 609, 609g and 609r

These sections require that the Joint Committee on Finance review and approve pay plan supplements provided to state agencies.

Currently, the Department of Administration is authorized to provide pay plan supplements to state agencies, as needed, to reflect approved compensation adjustments. The pay plan supplement process involves a complex review of agency expenditure patterns throughout the year in order to make a judgment about the level of pay plan supplements an agency should be entitled to.

Section 20.928(1) currently reads: "the secretary [of administration] shall supplement, at such times and in such amounts as he or she determines, the respective appropriations." The process under my administration has been to use the supplement as the funding source of last resort. If pay plan supplements are not used, they become a guaranteed lapse. My administration has maximized the pay supplement lapse by tightening transfers from the salary line in the fourth quarter. This forces agencies to use base funds to meet pay plan requirements, which I assume is the intent behind the language I am vetoing. Requiring an additional review will not save any money and will create a paperwork flow which will not serve the Executive or the Legislature. In fact, it may delay state payments to private vendors and delay publication of the state's annual fiscal report.

Cited segments of 1985 Assembly Bill 85:

SECTION 609. 20.928 (1) of the statutes is amended to read:

20.928 (1) Each state agency head shall certify to the department of administration, at such time and in such manner as the secretary of administration prescribes, the sum of money needed by the state agency from the appropriations under s. 20.865 (1) (c), (ci), (em) (cq), (d), (di), (i), (ic), (im) (iq), (j), (ji), (s), (si), (sm), (sq) and (t) and (ti). Upon receipt of the certifications together with such additional information as the secretary of administration prescribes, the secretary shall supplement, at such times and in such amounts as he or she determines, determine the amounts required from the respective appropriations to supplement state agency budgets. The secretary may not approve any supplement which includes an amount for the cost of any form of length of service payments to state employees.

Vetoed in Part

Vetoed in Part

SECTION 609g. 20.928 (2) of the statutes is amended to read:

20.928 (2) Any state agency head who is aggrieved by the action determination of the department secre-

ary of administration under this section may appeal such action the determination to the governor who may set aside or modify such action the determination.

Vetoed in Part

SECTION 609r. 20.928 (2m) of the statutes is created to read:

20.928 (2m) After each determination is made, the secretary of administration shall forward the determination to the joint committee on finance. If the cochairpersons of the committee do not notify the secretary that the committee has scheduled a meeting for the purpose of reviewing the determination within 14 working days after the date of the secretary's submittal, the secretary may supplement appropriations of state agencies in accordance with the determination. If, within 14 working days after the date of the secretary's submittal, the cochairpersons of the committee notify the secretary that the committee has scheduled a meeting for the purpose of reviewing the determination, no supplement may be made without the approval of the committee.

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