



Brief 77-5

# Wisconsin Briefs from the

LEGISLATIVE  
REFERENCE  
BUREAU

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## EXECUTIVE PARTIAL VETO OF 1977 SENATE BILL 77 (EXECUTIVE BUDGET BILL) PASSED BY THE 1977 WISCONSIN LEGISLATURE

This bulletin contains the veto message of Governor Patrick J. Lucey for 1977 Senate Bill 77 (Chapter ...), the Executive Budget Bill, passed by the 1977 Wisconsin Legislature. A later bulletin will contain the veto messages of any additional gubernatorial vetoes. The report provides the vote on final passage in each house and the page number of the looseleaf journals referring to the vote. ("S.J." stands for Senate Journal; "A.J." stands for Assembly Journal).

The vote is followed by the veto message, excluding the standard opening and closing passages: "I am returning ..... Bill ..... without my approval" and "For these reasons I am returning ..... Bill ..... without my approval".

Following the text of the veto message, the bulletin contains a proof copy of every page of enrolled 1977 Senate Bill 77 on which a partial veto occurred, with the material vetoed indicated by a distinguishing overlay (~~XXXXXX~~).

### Legislative Action on 1977 Senate Bill 77

The Senate adopted Senate Substitute Amendment 2 to SB 77, on a voice vote, S.J. 5/24/77, p. 668, and passed the bill, as amended, 21 to 12, S.J. 5/24/77, p. 669. The Assembly, in turn, adopted Assembly Amendment 262, as amended by Assembly Amendment 6, to Senate Substitute Amendment 2, 63 to 34, A.J. 6/13/77, p. 1406, and concurred in the bill, as amended, 58 to 41, A.J. 6/13/77, p. 1409. The Senate concurred in Assembly Amendment 262, 21 to 12, S.J. 6/15/77, p. 761. The bill was approved in part and vetoed in part, and the part approved became Chapter 29, Laws of 1977, published in the WISCONSIN STATE JOURNAL 6/29/77.

### Text of Veto Message

To the Honorable, the Senate:

I have approved Senate Bill 77 as Chapter 29, Laws of 1977, and deposited it in the office of the Secretary of State.

Senate Bill 77 is a budget in which the executive and legislature can take great pride. It enhances and consolidates the reforms of the last six years without an increase in any state-administered general tax. It is very much in the progressive tradition of Wisconsin government and it adds to our reputation as one of the most forward-looking of the fifty states.

When I signed the 1975-77 budget two years ago, we faced bleak economic circumstances. Conditions are much different today, especially in Wisconsin. The general trend in the national economy is good, and in Wisconsin we are nearly at full employment. Because of the decisions of the last six years, including those in this budget, Wisconsin can look forward to a period of sustained prosperity.

One result of that prosperity will be pressure for increased state spending. If those pressures are resisted over the next two years, Senate Bill 77 will provide the basis for sound fiscal management, while creating the very real possibility of yet another no-tax-rate-increase budget in 1979-81.

The first test of your resolve to avoid a tax increase will come this week, when consideration is given to the vetoes I have exercised in signing Senate Bill 77. For as laudable as this budget is, unless several crucial vetoes are sustained it contains the almost inevitable pressure for higher taxes in 1979-81. I urge the legislature to resist the temptation to dole out benefits now which will later undermine the record of fiscal responsibility.

The last six years have demonstrated that it is possible to have progressive and humane government without sacrificing fiscal responsibility. Though the austerity of the last few years was the direct result of difficult economic circumstances, it is my strong belief that austerity should become a continuing feature of Wisconsin state government. It is essential that the budgetary discipline that has been forced upon us not be lost as state revenues increase.

Local governments and special interest groups will never be satisfied with their share of state revenues, no matter how much those shares might grow. This budget demonstrates conclusively that it is possible to resist the pressures for more and more spending and still produce a budget that improves the lives of our people and quality of our government.

Prepared by Gary A. Watchke, Research Analyst.

During the last six years our state's economy has made remarkable progress. There has been steady growth in private employment in Wisconsin, while public employment has grown much slower. Our national tax ranking fell from first to seventh. We avoided the worst effects of a national recession while bucking the regional trend of economic decline. That progress would not have been possible without job-producing business tax reform and tough budgetary decisions.

The budget for 1977-79 builds on this six-year record of achievement. It will result in a continued level of high quality public services. And it will provide a strengthened Wisconsin economy, and a fairer tax system, to support those services. In that regard, four measures in the area of revenue policy stand out as particularly significant.

First, there is the renewed commitment to phase out the inequitable and arbitrary inventory and livestock tax. Every citizen in Wisconsin will benefit from this decision, because, as the legislature has recognized, it is much more than simply a new "tax break". The phase out of this tax will strengthen the state's economy, just as it will introduce a new element of fairness into the tax system. Farmers, merchants, manufacturers, and the citizenry in general will be grateful for this achievement.

Second, the 1977-79 budget includes the largest dollar expansion of the Homestead Tax Credit program in its history. The liberalized program will provide \$81.8 million in new dollars to low and moderate income citizens in Wisconsin. The average credit will increase to \$260 from \$205 today. This reform will assure that Wisconsin has the most progressive income tax in the country for low and moderate income families; its effect will be to eliminate any state income tax liability for a family of four earning less than \$8,024.

Third, the budget provides for more than a 20 percent biennial increase in shared revenue payments to municipal and county governments. The increase amounts to more than \$100 million in new financial aid to cities, towns, villages and counties. This unprecedented infusion of new aid assures that Wisconsin will continue to provide more assistance on a per capita basis to local governments than any state in the country.

Fourth, the budget includes a farm preservation and tax relief provision which may become a model for other states. Much of the credit for this proposal goes to the hardworking and persevering members of the Senate and Assembly who developed a balanced program that carefully addresses the needs of rural and urban Wisconsin. It is now the responsibility of future governors and legislatures to preserve that balance; if they do, the result will be a program which ensures that the agricultural land of our state will be preserved.

These four programs symbolize the balanced objectives of economic development, tax progressivity, sound planning, and local government assistance which have characterized the state's revenue policy during the 1970's.

Senate Bill 77 reinforces the state's strong commitment to education at all levels. At the end of the biennium, state support for elementary and secondary education will have grown to more than 40 percent, the highest level in the history of our state. In absolute dollar terms this new commitment represents an increase of \$205 million over the 1975-77 biennium. The budget continues full 70 percent funding of educational services for the handicapped, at a total cost of \$172.3 million, an increase of \$55.5 million.

State aid for vocational, technical and adult education is increased by \$21 million over the last biennium to 35 percent of total cost, the highest percentage in history. In addition, the budget requires increased consideration of women and minorities in the appointments made to local VTAE boards. Accountability of those boards also is enhanced by a requirement that any construction requiring bonding in excess of \$500,000 be subject to a referendum.

The budget provisions relating to higher education affirm our commitment to one of the world's leading institutions of learning. An enrollment funding formula gives the university system the flexibility it needs to react to increases or decreases in the number of students seeking admission in any given year. Funding for a new faculty development program will revitalize the teaching skills of U.W. faculty and retrain faculty to meet the changing needs of students.

Senate Bill 77 increases the amounts available for medical and dental education and for grants to minority students. Equally important, the budget provides for a revenue bonding program to assure a sound and stable funding source and repayment plan for student loans.

Few sections of this budget contain more sweeping reform than those dealing with transportation. And, due largely to the involvement of the legislature, these reforms will be accomplished with no increase in cost to the general motoring public. The transportation package in this budget will enable to chart a responsible course for the future well-being of all Wisconsin citizens.

The budget provides a major investment of dollars into the existing road and bridge network; essential new projects are included, but the emphasis is no longer on more and more new concrete.

The budget provides a true transportation fund to replace the old highway fund. In 1977-79, all mass transit assistance will come from this fund, as will new aid programs for the elderly and the handicapped.

The archaic and outdated highway aid formula is scrapped by this budget and replaced with an up-to-date method of allocating aid on the basis of true local need.

Finally, the budget authorizes a reorganization of a transportation department so it can respond to the needs of an energy-short state as it copes with the harsh reality of critical transportation issues.

The budget bill makes historic changes in our laws relating to the construction of health care facilities and the licensure of medical services. For the first time, there will be a mechanism to control the overbuilding and overutilization of health facilities which do so much to inflate the cost of health care. The certificate of need and service licensure provisions in Senate Bill 77 are among the strongest in the country. The bill also will make it much more difficult for health care providers and the recipients of medical assistance to abuse the state's generous program of benefits.

There are substantial increases in funding for mental health and community social services, as well as an innovative program to provide the state's elderly citizens with expanded nutrition services, additional assistance in the building of senior citizens centers, and new access to home health care services.

The budget also provides a much needed infusion of resources into our correctional system, with the emphasis on expansion through the purchase of existing property. Bringing our correctional problems under control is certain to be a long and difficult process; the budget provisions constitute only the first step in that arduous and painful course.

The reorganization of the Department of Industry, Labor and Human Relations will bring new accountability and efficiency to that important part of our government. The reorganized department will be better managed under a secretary who serves at the pleasure of the governor, who in turn must be responsive to the people of Wisconsin. The newly created Labor and Industry Review Commission should provide a higher quality of justice to those involved in Unemployment Compensation, Workers Compensation and Equal Rights disputes.

Similarly, the uniform fee schedules and budgetary changes instituted within the Department of Regulation and Licensing are an important element in the ongoing effort to make that agency the servant of all the people of Wisconsin, rather than an outpost for well organized professional groups.

The budget bill also strengthens the state's commitment to protecting and developing our natural resources. The assumption by the state of responsibility for funding environmental protection efforts that had been formerly paid for by the federal government is testimony to our firm and lasting resolve that Wisconsin's air and water must remain clean.

The new industrial environmental user fee and trout stamp programs provide an equitable and predictable means of funding essential natural resource related activities.

The legislative initiative to provide funding for a state sewage treatment grant program will help local communities to meet the requirements of state and federal law.

Finally, the budget takes a long step toward achieving the goal of equal justice under the law. The statewide legal defender program will guarantee competent legal representation to the poor while providing some needed property tax relief at the county level.

While there is much in this budget that will improve the quality of life in Wisconsin, it also contains provisions which I believe are inconsistent with our state's current and future interests.

I am especially concerned with changes in state/local fiscal policy which I believe undermine the record of equity and accountability which has been shaped during the 1970s. Too many of these changes are premised on false assumptions, including:

— the false assumption that the state with the most generous local assistance program in the nation is somehow "shortchanging" local government.

— the false assumption that Wisconsin's dramatic economic turnaround in this decade has somehow come at the expense of local governments, when they are in fact the prime beneficiaries.

— the false assumption that elected officials in Madison, who levy most of the funds spent by local officials, have no right to impose flexible restraints on local spending.

It is because I refuse to accept these implausible assumptions that I have vetoed several of the fiscal policies included in Senate Bill 77. I urge the legislature not to undo the progress which has been achieved in this decade. To do so would only fuel more efforts by those who benefitted from the discredited fiscal policies of the past. To do so would create unwarranted pressure for unnecessary tax increases.

The net effect of all of the partial vetoes of Senate Bill 77 is to eliminate \$11.5 million in added spending for 1977-79. If the vetoes are not sustained, the effect in the following biennium will be to raise expenditures by \$50.5 million. The largest single savings results from the elimination of the new fifty percent machinery and equipment reimbursement. The cost of the reimbursement provision alone is approximately \$37 million between now and June 30, 1981. That is an unconscionable price, particularly when the state already devotes more than two-thirds of its general tax revenue to local assistance and property tax relief.

Equally unacceptable is the provision in the budget which repeals the limits on local government tax levies, which have done so much to ensure that increased state aids to localities achieve their purpose — diminishing reliance on the property tax. To abolish levy limits now is to abandon the progress we have made over the last six years in making our tax system more equitable while assuring that local governments have the revenue they need to provide essential services. We have now reached the point where state aids are the largest source of revenue for local governments. This is surely not the time to remove an effective and legitimate restraint on property tax growth.

Finally, I want to reiterate my firm conviction that the budget for 1979-81 need not include a tax increase if the legislature will act now to limit expenditures for the coming biennium. I believe that is a goal which is far more valuable than any short-run advantage which might be gained by attempting to satisfy the demands of local governments for more and more state funds.

## **I. Tax Policy and Local Assistance**

### *I-A. Levy Limit Repeal*

Sections 6d, 674p, 680p, 684p, 687r, 732, 766p, and 893 eliminate the county and municipal property tax levy limit program. I have exercised my partial veto of these sections to retain this program.

During the two years in which the limits have been a part of the state/local fiscal system, county and municipal mill rates have dropped by 3.7 percent. Retention of levy limits, coupled with expanded state payments to local governments, will allow the continuation of this trend.

Those who have criticized the levy limit program assert that it has 2 flaws: 1) it is too restrictive; and 2) it is an unwarranted use of state authority. I would make the following comments:

1) The experience of the last two years has shown that the program is flexible enough to accommodate the needs of towns, villages, cities and counties in Wisconsin. In 1976, for example, local units used only 40.3 percent of their allowable increase. In instances where limits were restrictive, the taxpayer referendum option was available to exceed the limits. In the last two years, large and small communities have taken advantage of this referendum option, and in the majority of cases (29 of 52) voters approved the referenda.

2) The Legislature has enacted several exemptions, which provide considerable flexibility to the program. These include exemptions for:

- a) principle and interest on general obligation borrowing
- b) above-average population growth
- c) court orders
- d) pollution abatement costs
- e) costs incurred because of natural disasters
- f) costs of assuming new services

3) The levy limit program would become even more flexible beginning in 1979. In that year and thereafter, all growth in shared revenue payments will be exempt from the limits. This will allow local officials considerable additional latitude in making local budget decisions; it certainly negates the criticism that the limits are somehow too restrictive.

4) During the last six years state aid to local government has surpassed the property tax as the major local revenue source. In other words, most of the money spent by local elected officials is now levied in Madison by state elected officials. These high levels of state aid - the highest in the *entire* nation - are designed to stabilize the property tax. With those facts in mind, it is not unwarranted for the state to attempt to assure that its massive tax relief effort achieves real tax relief. It would be especially ironic to repeal the levy limit program as part of a budget bill which provides an unprecedented increase in shared revenues and road aids. At a time when the state is assuming greater responsibility for financing local services, the limits are more appropriate than ever.

5) It also should be emphasized that the state provides more aid, proportionately, to local governments than it does to school districts. Certainly, in that light, the argument for retaining levy limits is as strong as it is for retaining school cost controls, which the Legislature has wisely done.

6) Levy limits are not new, either to Wisconsin or to most other states. The vast majority of states have levy limits, just as Wisconsin has for many years (although the previous limits had little impact).

The law enacted two years ago has encountered opposition not because it is unwarranted, but because it is effective.

7) In addition to limiting property tax increases, levy limits prompted unexpected but welcome changes in the finance procedures of some smaller municipalities. Since 1941, Wisconsin law has required all counties and municipalities to publish and adopt budgets as a way of assuring proper citizen input into the budget-making process and to encourage basic financial planning. Many towns and smaller villages, however, have continued to operate with extremely crude budget procedures - and compliance aspects of the levy limit law has forced these communities to significantly upgrade their fiscal procedures.

**I-A**

**SECTION 6d: Statute 8.50 (2) (a)**

~~SECTION 6d, 8.50 (2) (a) of the statutes is amended to read:  
8.50 (2) (a) The date for the special election shall be not less than 55 nor more than 70 days from the date of the order except when the special election is held on the day of the general election and except when the special election is held pursuant to ss. 60.175 (6), 61.46 (3), 62.12 (4m), 65.07 (2), 70.62 (4) (f), and under s. 121.23.~~ Vetoed in Part

**SECTION 674p: Statute 60.175**

~~SECTION 674p, 60.175 of the statutes is repealed.~~ Vetoed in Part

**SECTION 680p: Statute 61.46 (3)**

~~SECTION 680p, 61.46 (3) of the statutes is repealed.~~ Vetoed in Part

**SECTION 684p: Statute 62.12 (4m)**

~~SECTION 684p, 62.12 (4m) of the statutes is repealed.~~ Vetoed in Part

**SECTION 687r: Statute 65.07 (2)**

~~SECTION 687r, 65.07 (2) of the statutes is repealed.~~ Vetoed in Part

**SECTION 732: Statute 67.035**

67.035 Tax limitations not applicable to debt levies. All taxes levied or to be levied by any municipality proceeding under this chapter for the purpose of paying principal and interest on valid bonds or notes now or hereafter outstanding shall be and the same are hereby declared to be without limitation notwithstanding the limitations imposed by s. ~~60.175, 61.46 (3), 62.12 (4m), 65.07 (2), 70.62 (4)~~ [60.175, 61.46 (3), 62.12 (4m), 65.07 (2), 70.62 (4)] 38.29 or subch. IV-VII of ch. 121, or any legislative limitation now or heretofore existing, and all such limitations are hereby repealed insofar as they apply to taxes levied or to be levied to pay principal and interest upon such bonds or notes. Vetoed in Part

**SECTION 766p: Statute 70.62 (4)**

~~SECTION 766p, 70.62 (4) of the statutes is repealed.~~ Vetoed in Part

**SECTION 893: Statute 79.03 (1)**

79.03 (1) Annually on the 3rd Monday in November, the department of administration, upon certification by the department of revenue, shall distribute to municipalities and counties all funds entered in the shared tax revenue account as of the previous October 31, plus all taxes levied pursuant to ch. ~~76 against light, heat and power companies, conservation and regulation companies or pipeline companies and entered into the shared tax account as of the previous November 12, after reduction by the amounts necessary to make the payments from the shared revenue account under ss. 79.04, 79.05 and 79.055.~~ The distributable share therein of each municipality and county shall consist of an amount determined on the basis of population under sub. (2), plus an amount determined under sub. (3), less the amount distributed in July of that year under s. 79.02. ~~The distributable share thus determined shall be reduced as provided in ss. 60.175 (6), 61.46 (3) (f), 62.12 (4m) (f), 65.07 (2) (f) and 70.62 (4) (f). The amounts of those reductions shall remain in the municipal and county shared tax account and shall become a part of the funds to be distributed from that account in the next distribution under this section and s. 79.02.~~ [The distributable shares, thus determined, shall be reduced as provided in ss. 60.175 (6), 61.46 (3) (f), 62.12 (4m) (f), 65.07 (2) (f) and 70.62 (4) (f). The amounts of those reductions shall remain in the municipal and county shared tax account and shall become a part of the funds to be distributed from that account in the next distributions under this section and s. 79.02.] Vetoed in Part

**I-B. M and E 50 Percent Reimbursement**

Sections 366k, 446, 776m, 782g, 782r, and 1657 (38) (o) create a manufacturing machinery and equipment (M & E) reimbursement program based on 50 percent of the value of exempt M & E multiplied by the local tax rate. I have exercised my partial veto to remove this proposal and to retain the current reimbursement program.

During the debate on the M & E issue, it has been discouraging to hear local officials support the state's economic development efforts at the same time that they are unwilling to help finance those efforts. This is troubling because local governments are the prime beneficiaries of a sound economy, and that is exactly what Wisconsin has achieved in the last several years. To state that the M & E program

has caused local tax "losses" is to completely ignore the major economic dividend which has resulted from our investment in sound business tax relief. The fact that Wisconsin is virtually at full employment - a stark contrast to the rest of the nation - should help put this bogus "loss" theory in proper perspective.

Not only do local governments benefit from a stable employment and tax base, but they also benefit from the higher state aid that results from economic growth. Just last week it was reported that Wisconsin continues to provide more per capita aid to local governments than any state in the country. Our ability to do so is obviously a direct result of a healthy economy, for it is that sound economy which generates the revenue we share with local governments. This fact must be kept in mind as the Legislature appraises the "loss" which local officials assert they have suffered.

The proposed reimbursement program in SB 77 represents a new state payment program which will distribute millions of dollars annually to counties and municipalities, largely on the basis of the location of exempt M & E property. Other state aid programs, such as shared revenues, school aids, and general property tax relief, also distribute large amounts each year. The current exemption of M & E automatically gives industrialized communities an advantage with regard to receipt of state funds from existing aid programs, because the M & E exemption reduced their tax base relative to other communities. Thus, the places that are already getting larger school aid, shared revenue, and other payments because of the exemption would be the major winners under this proposal. These gains would come at the expense of the state's nonindustrial communities.

A second consideration is the cost of the reimbursement program. The program would cost about \$8 million in the current biennium and would be substantially higher in future biennia (\$29 million in 1979-81, for example). Those who favor this reimbursement program should be asked to explain where the money will come from to finance the rapidly escalating costs. Such large sums must eventually come from higher taxes.

By vetoing these sections, most of the current M & E reimbursement payments to affected communities. This approach cushions local governments from sudden or unanticipated fiscal impacts of the M & E exemption, but also recognizes the long range reimbursement effect of shared revenues, school aids and other state payments benefitting communities with large amounts of exempt M & E. Because the program will be phased out by 1984, the problem of overcompensating industrialized communities at the expense of other part of the state is resolved.

Estimated Fiscal Impact: Increase General Purpose Revenue in 1977-79 by \$7.995 million.

**I-B**

**SECTION 366k: Statute 20.835 (2) (ds)**

20.835 (2) (ds) *Manufacturing machinery and equipment reimbursement.* The counties', towns', villages' and cities' share of state taxes as provided in s. 70.996 to provide the reimbursement specified thereunder for manufacturing machinery and equipment. Vetoed in Part

**SECTION 446: Statute 25.50 (3) (b)**

25.50 (3) (b) On the dates specified and to the extent to which they are available, subject to s. 16.53 (10), funds payable to local governments under ss. 70.996 (1) ~~and~~ [(a)], 79.02 (2) (a) and (am), 79.03 (1), 79.04 (1), (2) (a) and (3), ~~79.05 (2), 79.055, 79.06, 79.08, 79.10 (1) and (3) and~~ 79.17 (1) and (3) shall be considered local funds and, pursuant to the instructions of local officials, may be paid into the separate accounts of all local governments established in the local government pooled-investment fund and, pursuant to the instructions of local officials, to the extent to which they are available, be disbursed or invested. Vetoed in Part

**SECTION 776m: Statute 70.995 (7) (d)**

70.995 (7) (d) To determine the amount and value of any machinery and specific processing equipment exempt under s. 70.11 (27) any person owning such property shall report the amount and value of such the property on schedules prescribed by the department of revenue and shall be included with the standard manufacturing report form required under sub. (12). ~~If any~~ Any person, including an officer of a corporation, required by law to make, file, render, sign or verify said schedules who wilfully overstates the amount or value of any manufacturing machinery or specific processing equipment exempt under s. 70.11 (27), such person may be fined not more than \$500 or imprisoned not more than 6 months or both. Such The person shall also be required to pay the cost of prosecution. In addition, such the person shall be required to pay to the department of revenue the taxes due for the amount of such overstatement together with interest at the rate of one percent per month or fraction thereof from ~~January 1, 1975~~ [January 1, 1975] ~~the date when the payment is due~~, to the date the overstatement is discovered by the department of revenue. Vetoed in Part

**SECTION 782g: Statute 70.996 (1) (a) (intro.)**

SECTION 782g. 70.996 (1) (a) (intro.) of the statutes is ~~repealed~~ ~~70.996 (1) (a)~~ amended to read:

70.996 (1) [(a) (intro.)] On or about April 20, ~~1975~~ [1975] ~~and annually thereafter~~ counties, towns, villages and cities shall be paid by the state from the appropriation under s. 20.835 (2) (ds) an amount equal to ~~50% of the~~ ~~value of~~ [May 1, 1974.] ~~the value of~~ value of manufacturing machinery and equipment exempted from local taxation under s. 70.11 (27) multiplied by the local or county tax rate as the case may be. The "value of manufacturing machinery and equipment" shall be the value determined according to s. 70.995 equated to the ~~value of~~ [May 1,

~~1974.] preceding year's general level of assessment of all other property within the taxation district. Payments to towns, villages and cities shall be determined using the local tax rate that was applied to the May 1, 1974.] preceding year's assessment of all taxable property within the taxation district. Payments to counties shall be determined using the county tax rate that was applied to the May 1, 1974.] preceding year's assessment of all taxable property within the county. Subsequent payments shall be made annually on or before April 20 according to the following schedule:~~  
 [Subsequent payments shall be made annually on or before April 20 according to the following schedule:]

*Vetoed in Part*

**SECTION 782r: Statute 70.996 (1) (a) 1 to 9 and (b)**

~~SECTION 782r: 70.996 (1) (a) 1 to 9 and (b) of the statutes are repealed.~~

*Vetoed in Part*

**SECTION 1657 (38) (o) : Statute Session Law**

~~(o) Manufacturing machinery and equipment. The treatment of section 70.996 (1) (a) of the statutes and the repeal of section 70.996 (1) (b) of the statutes by this act take effect on April 30, 1978.~~

*Vetoed in Part*

**I-C. Homestead - Elderly Income Factor**

Section 792m provides a special \$600 deduction for Homestead claimants who are over age 65 or who have elderly spouses or dependents. I have vetoed the language to allow the \$600 deduction for all Homestead claimants, regardless of age, who have either a spouse or dependent. In this way the program will not discriminate on the basis of age, a factor which does not, in and of itself, create greater or lesser financial need. The vetoed language will recognize family size for the first time in the Homestead program. It is a desirable change that should be made now that the program has been dramatically expanded by the budget.

Estimated Fiscal Impact: Increase program costs by \$4.0 million in 1977-79.

**Homestead - Data Requirements**

Section 799d provides that municipality and school district codes be added to all Homestead forms. The municipality data is useful and should be collected. Because the collection of the information is costly and complicates the Homestead return, I have stricken this requirement. During the last two years, school district information has been collected, but has not proved useful in public policy analysis. A Legislative Council committee considered the use of this data for school aid purposes, but rejected the concept.

**I-C**

**SECTION 792m: Statute 71.09 (7) (a) 3.**

71.09 (7) (a) 3. "Household income" means all income received by all persons of a household in a calendar year while members of such household. ~~For claims filed in 1978 and thereafter and based upon property taxes accrued or rent constituting property taxes accrued in the preceding calendar year, household income shall be reduced by \$600 if the claimant, spouse or any dependent of the claimant, as claimed under sub. (6p), is 65 years of age or older.~~

*Vetoed in Part*

**SECTION 799d: Statute 71.09 (7) (i)**

71.09 (7) (i) In administering this subsection, the department of revenue shall make available suitable forms with instructions for claimants, including a form which may be included with or a part of the individual income tax blank. ~~In preparing homestead credit forms for the taxable year 1977 and thereafter, the department of revenue shall provide a space for identification of the school district, county and city, village or town in which the claimant resides.~~

*Vetoed in Part*

**I-D. Town Veto of Exclusive Agricultural Zoning**

Section 982m would permit a majority of towns in certain counties to reject an exclusive agricultural use zoning ordinance after adoption by the county board. I have vetoed this provision.

The ability of a majority of towns to reject an exclusive agricultural use zoning ordinance would severely hamper effective land use provisions that would protect prime agricultural lands in rapidly urbanizing counties. This would also allow a minority of residents in a county to override the will of the majority and prevent otherwise eligible farmers from participating in this tax credit program.

This veto retains the original provisions developed in the Senate, which are as follows:

- 1) in counties with more than 75,000 population, or counties adjacent to counties with more than 400,000 population, no town veto over an exclusive agricultural zoning ordinance;
- 2) in all other counties, current law provisions regarding town vetoes would apply.

**Agricultural Lands Preservation Board**

Section 33 creates an agricultural lands preservation board to make certain decisions regarding the new farm tax relief program. As adopted, the board would consist of 6 members: the secretaries of administration, local affairs and development, and agriculture; the executive secretary of the board of soil and water conservation districts; and 2 owners of farmland eligible for inclusion in the program.

U There are two serious drawbacks to this membership alignment:

1) It makes no provision for public membership from other than the agricultural community. Clearly, the successful implementation of this program requires a broader range of public involvement to assure representation of those who will pay most of the cost of the program.

2) The number of members (six) creates the undesirable prospect of tie votes.

For these reasons I have vetoed this section to restore the makeup of the board to that provided for in SSA 2 to SB 77: the three secretaries previously referred to (with the Secretary of Agriculture as chairperson) and two public members appointed by the Governor. This will create a board of appropriate size, and one that can more fairly represent the broad range of citizen interest in the success of this program.

**I-D**

**SECTION 982m: Statute 91.73 (3)**

~~(3) A majority of towns in a county with population exceeding 75,000 or a county adjacent to a county with population exceeding 400,000, may reject adoption of a county exclusive agricultural use zoning ordinance under this subchapter for all towns within the county only by filing within 6 months after adoption of the ordinance by the county board certified copies of resolutions disapproving the ordinance with the county clerk. Notwithstanding s. 59.97 (5) (a), the procedure established in this subsection shall be the only procedure by which a town in such a county may reject the application of a county agricultural use zoning ordinance in that town.~~

Vetoed in Part

**SECTION 33: Statute 15.135 (3)**

~~15.135 (3) AGRICULTURAL LANDS PRESERVATION BOARD. There is created an agricultural lands preservation board which is attached to the department of agriculture, trade and consumer protection under s. 15.03. The board shall consist of the secretaries of administration, of agriculture, trade and consumer protection and of local affairs and development or their designees, the executive secretary of the board of soil and water conservation districts and 2 public members appointed for 4-year terms, who shall be owners of eligible farmland, as defined in s. 91.01 (6). If a public member ceases to be an owner of eligible farmland under s. 91.01 (6), that person's position on the board shall be deemed vacant until a successor is appointed. The secretary of agriculture, trade and consumer protection, or the designee of the secretary, shall be chairperson of the board.~~

Vetoed in Part

**I-E. General Property Tax Relief**

Sections 907, 907c and 907m modify the general property tax relief (GPTR) program to include personal income as a factor in determining a community's allocation. The main supporters of this change have been in the forefront of implementing some of the most progressive policy reforms in SB 77. Their forward-thinking goals are reflected in this GPTR change, but I nevertheless believe that this provision must be vetoed. I have done so for the following reasons:

1) The personal income of a community's residents is not an accurate way of measuring the real income available to pay property taxes in that community. This is because it does not include corporate income, or income of those who own property but do not live in the community. Some communities have a great deal of income which is excluded as a result of counting only personal income. Thus, the partial income factor included in SB 77 does not result in a sound measurement of ability-to-pay property taxes.

To illustrate this flaw, consider the inequity that would result if only corporate income were included in the GPTR formula. That would correctly be criticized as being a partial and misleading income indicator; the same criticism applies to use of only personal income.

In part because of this concern, a special Legislative Council committee has recommended against using a personal income factor in the school aid formula. The committee's concerns are equally applicable in this instance.

2) The laudable goals of this amendment's sponsors are being addressed more effectively through state aid programs which are being expanded substantially in SB 77.

Specifically, the shared revenue and school aid reforms of this decade have succeeded in greatly reducing the tax rate disparity between central city and suburban residents. The tax rate in Milwaukee has declined more than 20% since 1970; this is more than twice as fast as suburban tax rates have changed (in some cases it is four or five times as fast).

The 1977-79 budget includes an unprecedented increase in shared revenue and general school aid payments; these increases will further the progress already achieved in reducing urban-suburban tax rate disparities.

3) The goal of relating income to property tax bills is best achieved through payments to individuals. The major expansion of the Homestead program in SB 77 addresses this goal; it does so in a better way than using an income factor in GPTR, because that has the effect of helping both wealthy and poor taxpayers in communities which would benefit.

Likewise, in communities that lose, both wealthy and poor taxpayers would lose. The cost to the wealthy would be relatively small, but a \$100 or \$200 tax increase to a person of modest means could not

be justified by this policy. This is especially true in light of the relatively small tax benefit (\$10 or \$20 to most homeowners) which would occur in gaining communities.

4) The general property tax relief formula should be closely scrutinized between now and the 1979-81 budget. If the formula is to be drastically changed in 1979-81, the Legislature should delay the introduction of a major new factor into the formula at this time.

### I-E

#### SECTION 907: Statute 79.10 (2)

SECTION 907, 79.10 (2) of the statutes is renumbered 79.10 (2) (a) and amended to read:  
 79.10 (2) (a) Participation in the 1973 allocation under sub. (1) shall be limited to municipalities having an average computed full value rate in excess of 17 mills. The excess of the average computed full value rate over 17 mills of each participating municipality in 1973 shall be multiplied by the municipality's full value of all taxable property (except personal property entitled to tax credit under s. 79.12 for the preceding year, as equalized for state tax purposes. In the case of allocations for the year 1973 and thereafter, the differences between the computed full value rate of the municipality and one-half the state average full value rate for each of the preceding 3 years shall be averaged and if the 3-year overall computed full value rate of the municipality is in excess of the 3-year overall one-half the state average full value rate, the resulting average shall be multiplied by the municipality's full value of all taxable property (except personal property entitled to tax credit under s. 79.12, 1973 stats. or s. 79.17 for the preceding year as equalized for state tax purposes. The amount so derived shall be reduced by a percentage equal to the result, if positive, of subtracting 1.2 from the fraction of a municipality's per capita Wisconsin adjusted gross income to the statewide per capita adjusted gross income, except as provided in par. (b). The allocable share of each participating municipality in the distribution under sub. (1) shall be in the same proportion as the amount determined hereunder for each municipality bears to the total amount thus determined of all participating municipalities. Vetoed in Part

#### SECTION 907c: Statute 79.10 (2) (b)

SECTION 907c, 79.10 (2) (b) of the statutes is created to read:  
 79.10 (2) (b) In 1978, the amount so derived shall be reduced by one-half of the percentage equal to the result, if positive, of subtracting 1.2 from the fraction of a municipality's per capita Wisconsin adjusted gross income to the statewide per capita adjusted gross income. Vetoed in Part

#### SECTION 907m: Statute 79.10 (4) (d)

SECTION 907m, 79.10 (4) (d) of the statutes is created to read:  
 79.10 (4) (d) "Per capita Wisconsin adjusted gross income" means a municipality's total adjusted gross income as defined in s. 71.02 (2) (e) divided by its population, defined as the total dollar amount of personal exemptions under s. 71.09 (5p) on tax returns taken into account in determining the municipality's adjusted gross income divided by 120, as determined by the department of revenue. Whenever per capita Wisconsin adjusted gross income is used in this section to determine eligibility for or amount of state aids for a municipality, for the purposes of computation, the tax year used shall be the most recent tax year for which reliable data is available at the time of the determination. For purposes of measurement of per capita adjusted gross income, the per capita adjusted gross income of a municipality which is located in more than one county shall be that amount for the entire municipality notwithstanding par. (c). The department shall make adjustments to the computation of a municipality's per capita Wisconsin adjusted gross income when the department determines that such changes are necessary to improve the accuracy of the data for purposes of the distribution under sub. (1). Vetoed in Part

### I-F. Homeowner Improvement Tax Credit

Sections 366e, 748r, 767, 768, 910, 1643(1) (d), 1643(38) (c), 1646(3) and schedule establish a home improvement tax relief credit paid by the state. The objectives of this new program are laudatory, and the authors deserve much credit for developing the plan for budget consideration. While the issue is worth pursuing, I have decided to veto the specific elements of this plan. I do so with the hope that continued efforts will be made to develop a new proposal for future legislative consideration.

There are several reasons for this item veto:

1. The net effect of this proposal is to have the state subsidize, over a 5-year period, about 10% to 15% of the cost of qualifying home improvements. If the state wishes to embark on a direct subsidy of this kind, greater program control is needed to assure that the expenditures actually achieve the goals intended. For example, as structured in SB 77, little effort is made to restrict the subsidy to projects which otherwise might not be undertaken; thus, a potentially large expenditure of state dollars would be devoted to finance projects which would have been undertaken in any event.

2. Serious doubts regarding its constitutionality have been raised. These issues need further attention before a law should be approved.

3. The new state credit is not integrated with other state aid programs, such as school aids, shared taxes, property tax relief, and Homestead. It would be possible for an individual to receive a Homestead Credit for property taxes that were actually paid by the state. Also, under shared taxes, school aids, and general property tax relief, state payments to localities would be made against taxes paid by the state.

4. The program is not adequately based on ability to pay, because it includes no income test whatsoever. Such considerations must be included in any program that provides tax relief to individuals.

Limiting the benefit to owners of homes valued at less than \$50,000 is not a sufficient test of ability-to-pay.

5. Severe administrative difficulties would be created both at the state and local levels. It is not clear how the state could adequately review all home improvement claims to assure that the cost of the program would be limited to the original intent.

6. The roll-back feature does not assure that required payments plus interest would be paid.

7. It is not clear that the program actually provides a worthwhile incentive to improve homes. Furthermore, the program could provide larger credits for less significant improvements. For example, a \$3,000 improvement to a \$20,000 house may be more significant than a \$3,000 improvement to a \$45,000 house. Yet under this program, the state credit could be the same or even higher for the more modest overall improvement.

8. There is a dangerous incentive for the value of homes to be attributed to improvements so that the tax burden is shifted to the state.

Estimated Fiscal Effect: \$2 million in increased costs in 1977-79 and \$9.5 million during 1979-81. The cost is estimated to steadily increase beyond that point to approximately \$18 million annually, once the program is totally implemented.

**I-F**

**SECTION 366e: Statute 20.835 (2) (d)**

SECTION 366e. 20.835 (2) (d) of the statutes is created to read:  
20.835 (2) (d) *Improvements tax relief.* A sum sufficient for payments to claimants under s. 79.25. Vetoed in Part

**SECTION 748r: Statute 70.32 (2) (d)**

SECTION 748r. 70.32 (2) (d) of the statutes is created to read:  
70.32 (2) (d) Commencing with the 1978 assessment, improvement assessments, as defined in s. 79.25, shall be set forth separately on the assessment roll for the purpose of administering s. 79.25. Vetoed in Part

**SECTION 767: Statute 70.665**

SECTION 767. 70.665 of the statutes is renumbered 70.665 (1). Vetoed in Part.

**SECTION 768: Statute 70.665 (2)**

SECTION 768. 70.665 (2) of the statutes is created to read: Vetoed in Part  
70.665 (2) The real and personal property tax bills prepared by the clerk of each taxation district, after January 1, 1978, shall show the amount of improvement assessment, as defined in s. 79.25 (1) (c).

**SECTION 910: Statute Subch. III of Ch. 79**

SECTION 910. Subchapter III of chapter 79 of the statutes is repealed and recreated to read:

CHAPTER 79  
SUBCHAPTER III  
IMPROVEMENTS TAX RELIEF

**79.25 Improvements tax relief.** (1) Definitions. In this section:

(a) "Department" means the department of revenue. Vetoed in Part

(b) "Home" means a one- or two-family dwelling and appurtenant land which has a full valuation of \$50,000 or less, derived by dividing the assessed value by the assessment ratio of the taxation district, and is occupied by the owner.

(c) "Improvement assessment" means the amount of the assessed valuation of a home or rental unit in excess of the previous year's assessment which is directly attributable to improvements made during the previous year.

(d) "Improvements" means any addition to or alteration of a home or rental unit which increases its market value.

(e) "Owner" means the owner of a home or rental unit on the date the property tax roll is delivered to the local treasurer with a warrant for collection.

(f) "Rental unit" means any single-family or multifamily dwelling with a full valuation of \$75,000 or less, derived by dividing the assessed value by the assessment ratio of the taxation district, which is rented or leased to persons by the owner who does not reside in the dwelling and any dwelling for 2 or more families with a full valuation of \$75,000 or less, derived by dividing the assessed value by the assessment ratio of the taxation district, in which the owner resides.

(2) Commencing January 1, 1979, every owner who improves his or her home or rental unit is eligible to receive a tax credit from the state in the amount determined by multiplying the local tax rate, for all purposes, by the improvement assessment on the property. This section does not apply to the owner of a new home or rental unit for which the original building permit was issued within the 10 years preceding application.

(3) Application under this section shall be made on forms prescribed by the department prior to June 30 of the year following the assessment for which credit is claimed. A copy of the owner's property tax statement shall be included with the application.

(4) The department shall calculate the amount of the credit for the year of application by multiplying the owner's improvement assessment by the local tax rate. The amount of the improvement assessment used for this calculation, when added to the improvement assessments for which credit was applied for under this section in the 4 preceding years, shall not exceed \$3,000. Additional installments, equal in amount to the credit calculated in the year of application shall be paid in the 4 succeeding years, in addition to any further credit granted under this section.

Vetoed in Part

(5) Annually, by September 1, the department shall certify to the department of administration the amount calculated under sub. (4), including any subsequent installment payments, providing sub. (6) has been complied with. No later than October 1, the department of administration shall issue a check from the appropriation under s. 20.835 (2) (b) to each owner certified to receive a credit under this section.

(6) The department shall, by January 15 of each of the 4 years succeeding an application under sub. (4) which resulted in the granting of credit, mail a form to the applicant who received the credit to verify that such person is still the owner of the home or rental unit for which the credit was granted. Such form shall notify the applicant that, unless it is received by the department by June 30 of the same year, the applicant shall forfeit the installment of credit due to be received for that year.

(7) If the ownership of a home or rental unit is transferred, other than by death, of the owner, within 10 years of any year in which tax credits are granted under this section, not including any year in which only subsequent installments on an original grant of credit are received, the owner who has received such tax credits shall reimburse the department the full amount of the credits received as of the date of transfer plus interest at 6% per year compounded annually. The credit shall be recovered by assessment as income taxes are assessed.

(8) Improvements made prior to the transfer of ownership of a home or rental unit are not eligible for tax credits under this section subsequent to the transfer of ownership.

(9) The amount of any credit otherwise payable under this section may be applied by the department against any liability outstanding on the books of the department against the applicant.

(10) Whenever an audit of any claim filed under this section indicates that an incorrect claim was filed, the department shall make a determination of the correct amount and notify the claimant of the determination and the reasons therefor. Notice of the determination shall be given to the claimant within 4 years of the last day prescribed by law for filing the claim. If the claim has been paid, the credit shall be reduced or canceled, and the proper portion of any amount paid shall be similarly recovered by assessment as income taxes are assessed and such assessment shall bear interest at 4% per annum from the due date of the claim. Any person feeling aggrieved by the determination may, within 30 days after receipt, petition the department for redetermination. The department shall make a redetermination on the petition within 6 months after it is filed and notify the claimant. If no timely petition for redetermination is filed with the department, its determination shall be final and conclusive.

(11) A claimant who has filed a timely claim under this section may file an amended claim with the department within 4 years of the last day prescribed by law for filing the original claim.

(12) In any case in which it is determined that a claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full and, if the claim has been paid, the credit shall be canceled and the amount paid may be recovered by assessment as income taxes are assessed and such assessment shall bear interest from the due date of the claim, until refunded or paid, at the rate of 1.5% per month. The claimant in such case, and any person who assisted in the preparation or filing of the excessive claim or supplied information upon which the excessive claim was prepared, with fraudulent intent, shall be guilty of a misdemeanor. In any case in which it is determined that a claim is or was excessive and was negligently prepared, 10% of the corrected claim shall be disallowed and, if the claim has been paid or credited against income taxes otherwise payable, the credit shall be reduced or canceled and the proper portion of any amount paid shall be similarly recovered by assessment as income taxes are assessed and the assessment shall bear interest at 1.5% per month from the due date of the claim.

(13) Any person aggrieved by the department's redetermination under this section may appeal the redetermination to the tax appeals commission by filing a petition with the commission within 30 days after the redetermination, as provided under s. 73.01 (5) with respect to income tax cases, and review of the commission's decision may be had under s. 73.015. For appeals brought under this subsection, the filing fees required under s. 73.01 (3) (a) shall not apply.

Vetoed in Part

**SECTION 1643 (1) (d) : Statute Session Law**

(d) ~~Improvements tax relief.~~ In the list of program responsibilities specified for the department of administration in section 15.101 of the statutes, reference to section "79.25" is inserted. Vetoed in Part

**SECTION 1643 (38) (c) : Statute Session Law**

(c) ~~Improvements tax relief.~~ In the list of program responsibilities specified for the department of revenue in section 15.431 of the statutes, reference to section "79.25" is inserted. Vetoed in Part

**SECTION Schedule: Statute funding for 20.835 (2) (d)**

(d) ~~Improvements tax relief.~~ Vetoed in Part 2,000,000

**I-G. Real Estate Transfer Fee**

Sections 842p, 842r and 1655 (38) (e) increase the rate of the real estate transfer fee from 10¢ to 20¢ per \$100 of real estate transferred. There simply is no need to double the state's revenue from this fee at this point in time.

Estimated Fiscal Effect: Reduction of general purpose revenues by \$11 million in 1977-79.

**I-G**

**SECTION 842p: Statute 77.22 (1)**

77.22 (1) CONVEYANCE. There is imposed on the grantor of real estate a real estate transfer fee at the rate of ~~10~~ [10] ~~20~~ cents for each \$100 of value or fraction thereof, on every conveyance not

exempted or excluded under this subchapter. Such fee shall be collected by the register at the time the instrument of conveyance is submitted for recording. At the time of such submission the grantee or his or her duly authorized agent or other person acquiring an ownership interest under the instrument shall execute a return in such form as the secretary prescribes setting forth the value of the ownership interest transferred by the instrument, the amount of the fee payable and such other information as the secretary requires. The register shall enter the fee paid on the face of the deed or other instrument of conveyance before recording, and collection by him the register of the fee shall be a prerequisite to acceptance of the conveyance for recording. The register shall have no duty to determine either the correct value of the real estate transferred nor the validity of any exemption or exclusion claimed. If the transfer is not subject to a fee as herein provided in this subchapter, the reason for exemption shall be stated on the face of the conveyance to be recorded by reference to the proper subsection under s. 77.25. Vetoed In Part

**SECTION 842r: Statute 77.24**

~~77.24 Division of fee. Fifty [Fifty] per cent [Twenty-five percent] of all fees collected under this subchapter shall be retained by the county and the balance shall be transmitted to the state. Remittances shall be made monthly by the county treasurers to the department of revenue by the 15th day of the month following the close of the month in which the fee was collected. The remittance to the department shall be accompanied by the returns executed under s. 77.22.~~ Vetoed In Part

**SECTION 1655 (38) (e): Statute Session Law**

~~(e) Revenue transfer fee. The treatment of sections 77.22 (1) and 77.24 of the statutes by this act shall first apply to instruments of conveyance submitted for recording and to fees collected on and after the first day of the month commencing after publication.~~ Vetoed In Part

**I-H. Fuel Tax Exemption for Taxicabs**

Sections 881m and 1655(38) (a) create an exemption for taxicab companies from the motor fuel tax.

This exemption will achieve no other purpose than to increase the profits of companies who have an obvious responsibility to share in the financing of our road network. The estimated savings per trip of 2? to 3? surely will not be passed along to any customers; rather, the \$600,000 loss will eventually have to be paid by the rest of the motoring public. I urge the Legislature to reject this special interest provision.

**I-H**

**SECTION 881m: Statute 78.75 (1) (a)**

~~SECTION 881m. 78.75 (1) (a) of the statutes is amended to read:  
78.75 (1) (a) Any person who consumes motor fuel or special fuel, upon which has been paid the tax required under this chapter, for the purpose of operating a taxicab for the transportation of passengers or for any purpose other than operating a motor vehicle, except a taxicab, upon the public highways, shall be reimbursed and repay the amount of the tax so paid upon making and filing a claim with the department, upon forms prescribed and furnished by it. The department shall distribute forms in sufficient quantities to each county clerk.~~ Vetoed In Part

**SECTION 1655 (38) (a): Statute Session Law**

~~(38) Revenue (a) Fuel tax taxicabs. The treatment of section 78.75 of the statutes by this act applies to purchases made on and after the first day of the first month commencing at least 30 days after the effective date of this act.~~ Vetoed In Part

**I-I. Utility Formula Distribution**

Sections 897 and 899 increase utility tax distribution payments and establish a \$75,000 minimum payment to municipalities with large plants. I have vetoed some of the changes so as to recognize the need, as pointed out by the Joint Finance Committee, for higher aid to counties which have utility property in towns.

The result will be a 100% increase in payments to such counties. All municipalities will continue to receive the current payment of 3 mills (or \$75,000 in some communities). The resulting formula will recognize the need to expand utility payments, but will not go beyond reasonable levels.

In considering this veto, the Legislature should understand that approval of higher payments to cities and villages would cause reduced shared tax payments to other communities. That is because the higher utility payments would come not from the general fund, but rather from the shared revenue "aidable revenues" payment.

**I-I**

**SECTION 897: Statute 79.04 (1) (a)**

~~79.04 (1) (a) An amount from the shared revenue account determined by multiplying by 3 mills in the case of a town and 6 mills in the case of a city or village, the first \$100,000,000 of the amount shown in the account, plus leased property, of each public utility on December 31 of the preceding year for either "production plant, exclusive of land" and "general structures", or "work in progress" for production plants and general structures under construction, in the case of light, heat and power companies or electric cooperatives, for all property within a municipality in accordance with the system of accounts established by the public service commission or rural electrification administration, less depreciation thereon as determined by the department of revenue. The amount distributable to a municipality in any year shall not exceed \$300 times the population of the municipality, except for the guaranteed payment under par. (b).~~ Vetoed In Part

**SECTION 899: Statute 79.04 (2) (a)**

79.04 (2) (a) Annually, beginning November 15, 1976, the department of administration, upon certification by the department of revenue shall distribute from the shared revenue account to any county having within its boundaries a production plant or a general structure, including production plants and general structures under construction, used by a light, heat or power company assessed under s. 76.07 or by an electric cooperative association assessed under ss. 76.07 and 76.48, respectively, an amount equal to one-half of the total [equal to one-half of the total] amount distributable that year to all of the municipalities of the county under sub. (1), but not including any additions necessary to provide the guaranteed minimums distributable to such municipalities under sub. (1) (b) determined by multiplying by 6 mills the first \$100,000,000 of the amount shown in the account, plus leased property, of each public utility on December 31 of the preceding year for either "production plant, exclusive of land" and "general structures", or "work in progress" for production plants and general structures under construction, in the case of light, heat and power companies or electric cooperatives, for all property within a town in accordance with the system of accounts established by the public service commission or rural electrification administration, less depreciation thereon as determined by the department of revenue and by multiplying by 3 mills times the first \$100,000,000 of the amount as defined in this subsection for all property within a city or village. The amount distributable to a county in any year shall not exceed \$100 times the population of the county.

Vetoed in Part

**I-J. PPTR Excess Over 80 Percent Credit**

Section 909 requires that one-half of any excess Personal Property Tax Relief (PPTR) payments be deposited in the municipal general fund, and that the remainder be used as a direct tax credit. I have exercised my partial veto to require that the entire amount of any such excess payment be used as a tax credit. This change will assure that all property tax relief funds made available to municipalities are, in fact, used for direct tax relief. Without this change, municipal governments with no municipal levy would nevertheless get state aid. These and other communities would receive aid based upon the tax levy of school districts and counties, and therefore such aid would have no relationship to municipal need. The approach I have recommended will insure that this money actually goes to property taxpayers in those communities, just as it has in the past.

**I-J****SECTION 909: Statute 79.17 (3m)**

79.17 (3m) Whenever a taxation district receives an amount under sub. (1) in excess of the total tax credit applied under sub. (3) (b), the treasurer of the taxation district shall deposit one-half of this excess in the municipal general fund and treat it as all other revenues of the fund. The treasurer of the taxation district shall make the remainder available for relief of taxation to be collected in the same year on property entitled to tax credit under s. 79.10. The municipal clerk shall add this excess to the tax credit for the same year provided under s. 79.10, and shall apply the resulting total as the tax credit distributed according to s. 79.10 (3) (b).

Vetoed in Part

**I-K. Non-Profit Hospital Tax Exemptions/Residential Property**

Under current law, residential property owned by non-profit hospitals is exempt from the property tax. Section 745m repeals that exemption, but only for dormitories which house less than 12 student nurses; it retains the exemption for those dorms housing 12 or more student nurses.

There is no reason to tax such property only when it houses less than 12 nurses. All such property should be taxable, so I have vetoed the section to restore its effect to that established by the Joint Committee on Finance, i.e., a total repeal of the current exemption.

**I-K****SECTION 745m: Statute 70.11 (4m)**

70.11 (4m) NONPROFIT HOSPITALS. Property which is Real property owned and used and personal property used exclusively for the purposes of any hospital of 10 beds or more devoted primarily to the diagnosis, treatment or care of the sick, injured, or deformed, which hospital is owned and operated by a corporation, voluntary association, foundation or trust, no part of the net earnings of which inures to the benefit of any shareholder, member, director or officer, and which hospital is not operated principally for the benefit of or principally as an adjunct of the private practice of a doctor or group of doctors. The exemption herein granted shall be effective and apply to assessments of property for taxation made, or permitted to be made pursuant to s. 70.44, in the year 1957 and subsequent years. This exemption does not apply to property used for commercial purposes or as a doctor's office. The exemption for residential property shall be limited to dormitories of 12 or more beds which house student nurses enrolled in a state accredited school of nursing affiliated with the hospital.

Vetoed in Part

**I-L. Sales Tax on Mobile Home Sales**

Sections 843, 851, 853, and 855 subject occasional sales of mobile homes to the 4 percent sales tax but allow an exemption for homes exceeding 45 feet in length.

I have exercised my partial veto to remove the exemption for mobile homes exceeding 45 feet because it would represent an arbitrary and inequitable tax break for one class of mobile homes. Without this veto, a mobile home 45 feet or longer would be subject to the tax if sold by a dealer, but not if sold by a private party. Thus, a sales tax exemption for occasional sales of larger mobile homes is not justified because it would result in the inconsistent treatment of similar transactions.

This exemption was inserted primarily because real estate sales are not subject to the sales tax. It was thus felt that certain mobile homes also should be exempt. However, it should be pointed out that real estate is exempt because the sales tax applies only to tangible personal property (and certain services). The material used in building a home is taxable to the contractor, and this tax is reflected in the retail price. A mobile home is personal property, not real property, and that is why the sales tax applies to such sales at retail. This does not create a disparity between real estate and mobile homes because, as pointed out above, the retail price of real estate improvements also will reflect the sales tax paid by the contractor.

Estimated Fiscal Effect: Increase GPR by \$200,000 in 1977-79.

**I-L**

**SECTION 843: Statute 77.51 (7) (am)**

77.51 (7) (am) Any person making any retail sale of a motor vehicle, aircraft, ~~snowmobile, mobile home not exceeding 45 feet in length, trailer, semitrailer~~ or boat registered or titled, or required to be registered or titled, under the laws of this state. Vetoed in Part

**SECTION 851: Statute 77.53 (17)**

77.53 (17) This section shall ~~does~~ not apply to tangible personal property purchased outside this state ~~4~~, other than motor vehicles, boats, ~~snowmobiles, mobile homes not exceeding 45 feet in length,~~ trailers, semitrailers and airplanes registered or titled or required to be registered or titled in this state) and which is brought into this state by a nondomiciliary for his the person's own storage, use or other consumption while temporarily within this state when such property is not stored, used or otherwise consumed in this state in the conduct of a trade, occupation, business or profession or in the performance of personal services for wages or fees. Vetoed in Part

**SECTION 853: Statute 77.54 (7)**

77.54 (7) The occasional sales of tangible personal property and services and the storage, use or other consumption in this state of tangible personal property, the transfer of which to the purchaser is an occasional sale, except that the exemption herein provided shall, in the case of motor vehicles, boats, ~~snowmobiles, mobile homes not exceeding 45 feet in length,~~ trailers, semitrailers or aircraft registered or titled, or required to be registered or titled, in this state, be limited to motor vehicles, boats, ~~snowmobiles, mobile homes not exceeding 45 feet in length,~~ trailers, semitrailers or aircraft transferred to the spouse, mother, father parent or child of the transferor and then only if such the motor vehicle, boat, ~~snowmobile, mobile home not exceeding 45 feet in length,~~ trailer, semitrailer or aircraft has been previously registered or titled in this state in the name of the transferor and the person selling is not engaged in the business of selling the type of property for which exemption is claimed. This exemption shall ~~does~~ not apply to gross receipts from the sale of bingo supplies to players or to the sale, rental or use of regular bingo cards, extra regular cards and special bingo cards. Vetoed in Part

**SECTION 855: Statute 77.61 (1) (a) and (c)**

77.61 (1) (a) No motor vehicle, boat, ~~snowmobile, mobile home not exceeding 45 feet in length,~~ trailer, semitrailer or aircraft shall be registered or titled in this state unless the registrant presents proof that the sales or use taxes imposed by this subchapter have been paid. Vetoed in Part

(c) In the case of motor vehicles, boats, ~~snowmobiles, mobile homes not exceeding 45 feet in length,~~ trailers, semitrailers or aircraft registered or titled, or required to be registered or titled, in this state purchased from persons who are not Wisconsin boat or aircraft, ~~trailer or semitrailer~~ dealers or licensed Wisconsin aircraft, motor vehicle, ~~mobile home or snowmobile~~ dealers, the purchaser shall pay the tax prior to registering such or titling the motor vehicle, boat, ~~snowmobile, mobile home not exceeding 45 feet in length,~~ trailer, semitrailer or aircraft in this state. Vetoed in Part

**I-M. Licensing of Juke Boxes and Other Coin-operated Amusement Devices**

Sections 1260m and 1657 (38) (L) require that each juke box or other coin-operated amusement device be licensed with the Department of Revenue at a fee of \$10 per unit and allow this fee to be used as a credit against sales taxes paid by the owner of such devices. I have exercised the partial veto in these sections to remove the licensing and fee requirements and to retain the current 4 percent sales tax on these devices. The proposed fee plan would result in no additional revenues to the state but would create additional paper work for both the owners of such devices and the Department of Revenue. At a time when government should be seeking ways of reducing red tape and administrative costs as much as possible, this proposal is clearly a step in the wrong direction.

**I-M**

**SECTION 1260m: Statute 175.22**

~~SECTION 1260m: Statute 175.22~~ Vetoed in Part

~~175.22 Amusement device license. Any person who owns a juke box or other coin-operated amusement device which is located in this state shall obtain an annual license for each such juke box or amusement device from the department of revenue. The fee for the license shall be \$10 which the department shall enter as a credit against taxes due from the person under subch. III of ch. 77. The license shall not be transferable from one device to another or from one person to another. A license certificate provided by the department shall be affixed to each licensed juke box or amusement device. The department may promulgate rules necessary for the enforcement of this section. Any person who violates this section may be fined not more than \$100 for each unlicensed juke box or other coin-operated amusement device.~~ Vetoed in Part

### SECTION 1657 (38) (L) : Statute Session Law

~~(L) Amusement device license. The treatment of section 175.22 of the statutes by this act shall take effect on January 1, 1978.~~ Vetoed in Part

#### I-N. Tax Appeals Commission

SB 77 includes provisions expanding the membership of the Wisconsin Tax Appeals Commission from 3 to 5 and assigns additional duties to the Commission. Sections 815 and 1640 provide that 2 members of the body be assigned primarily to manufacturing property assessment appeal cases. I have exercised my partial veto to remove this requirement, because it would prevent the chairman from assigning members of the Commission to hear cases in accordance with the Commission's workload. Manufacturing property assessment appeals are seasonal in nature and the restrictive language being deleted would limit the Commission's flexibility in scheduling Commissioners to hear other cases during the balance of the year.

#### I-N

### SECTION 815: Statute 73.01 (4) (b)

~~(b) Any matter required to be heard by the commission may be heard by any member of the commission or its hearing examiner and reported to the full commission for determination, and hearings of matters pending before it shall be assigned to members of the commission or its hearing examiner by the chairman chairperson. Unless a majority of the commission decides that the full commission should decide a case, cases shall be decided by a panel of 3 members assigned by the chairperson prior to the hearing. Two members of the commission shall be assigned primarily to manufacturing property assessment appeals. If the parties have agreed to an oral decision, the member or members conducting the hearing may render an oral decision. Hearings shall be open to the public and all proceedings shall be conducted in accordance with the rules of practice and procedure prescribed by the commission, the power to make such rules being expressly here conferred upon it.~~ Vetoed in Part

### SECTION 1640: Statute Session Law

~~SECTION 1640. Appointments to tax appeals commission. Of the 2 additional members of the tax appeals commission provided by the amendment of section 15.01 (4) of the statutes by this act, one shall be appointed for a term to expire on March 1, 1981, and one for a term to expire on March 1, 1983. In accordance with section 73.01 (4) (b) of the statutes, as affected by this act, the 2 additional members shall be assigned primarily to manufacturing property assessment appeals.~~ Vetoed in Part

#### I-O. Occupational Taxes

Section 895 allows occupational tax revenues to be included as aidable revenues in the shared tax formula. The language has been vetoed, because there is no reason to provide a double-benefit to communities that receive occupational tax revenues. Without the veto a locality would be able to count the occupational tax as a locally raised revenue, even though it is a state tax, and it would be included in the measure of local tax effort. Thus, shared tax payments to these localities would increase at the expense of other local units of government. There is no basis for considering the state-imposed occupational tax as local tax effort, and its inclusion was not intended by the authors of the occupational tax proposal.

#### I-O

### SECTION 895: Statute 79.03 (3) (e) 1.d

~~d. "Local purpose revenues" means the sum total of the following general revenues according to the definitions set forth in the handbook for local government financial reporting, June 1974, published by the department of revenue: local general purpose taxes, except payments in lieu of taxes by enterprises; regulation and compliance revenues, except judgments and damages; revenues for services to private parties by a county's or municipality's general operations or enterprises, except services by hospitals, nursing and rest homes, mass transit systems, urban development and housing agencies, liquor stores, cemeteries, and electric, gas and water utilities; interest and rental income; and, special assessment revenues, or in the case of enterprises, those special assessment revenues that are transferred to the municipality and county for general operations. In this subdivision: "local general purpose taxes" means those taxes collected to finance the operation of the general purpose government unit, including but not limited to general property taxes for local purposes, local general taxes, forest cropland taxes, woodland taxes, interest on taxes, mobile home fees, room tax and retained sales tax; "regulation and compliance revenues" means revenue from local licenses, local permits, local law and ordinance violations, local~~ Vetoed in Part

**II. Transportation**

**II-A. Farm Trailer Definition**

Section 1408m changes the definition of farm trailers that are eligible for reduced registration fees. The current definition requires the trailers to be used "exclusively" for the transportation of farm products from the owner's farm to market or for the transportation of supplies to the farm. The bill changes "exclusively" to "primarily." This could lead to abuse of farm trailer registration privileges and will make effective enforcement virtually impossible.

Reduced farm trailer registration fees are intended to assist farmers in the conduct of normal farm operations. This bill would unnecessarily extend that privilege to nonfarm operations. (It should be emphasized the existing farm truck fees, as opposed to trailer fees, apply to vehicles used "primarily" for farming activities. This recognizes that a farm family may also use a farm pickup truck for personal purposes, such as shopping or traveling to church. The same reasoning does not apply to farm trailers.)

**II-A**

**SECTION 1408m: Statute 340.01 (17)**

340.01 (17) "Farm trailer" means a trailer or semitrailer with a gross weight greater than 3,000 pounds which is owned and operated by a farmer and is used ~~exclusively~~ [exclusively] primarily for the transportation of farm products from the owner's farm to market or for the transportation of supplies to his the owner's farm. Vetoed in Part

**II-B. DOT Reorganization Requiring a Division of Highways**

Section 919 requires that any reorganization of the Department of Transportation must include a Division of Highways. I am vetoing this provision, because mandating a particular division is inconsistent with using a flexible approach to transportation problems and organization.

The new departmental secretary should be free, as are most other agency heads, to structure the agency in the most efficient manner to serve the transportation needs in the state. Reorganization proposals prepared by the secretary are reviewed and approved by the Governor, and in this process adequate consideration will be given to the prominent role highways will continue to play in our transportation system. There should not be arbitrary restrictions which prevent the creation of a division which includes highways and other modes of transportation.

**II-B**

**SECTION 919: Statute 84.01 (3)**

84.01 (3) ~~DIVISION OF HIGHWAYS; DISTRICT OFFICES.~~ Any internal reorganization of the department under s. 15.02 shall include a division of highways, and such reorganization shall provide for maintenance by the department of district offices throughout the state. Vetoed in Part

**II-C. Appeals of Transportation Commission Decisions on Uninsured Motorists**

Section 1463 allows uninsured motorists to appeal Transportation Commission decisions to the circuit court in their county of residence, rather than the Circuit Court for Dane County. I am vetoing this provision.

(Under present law an uninsured motorist involved in an accident may be required to deposit money with the Department of Transportation for payment of the reasonable costs of property damage and personal injuries to others, if there is a reasonable possibility that a judgment could be entered against the uninsured motorist. Failure to obtain a release of liability, or to make this required deposit, will result in the suspension of the uninsured motorist's operator's license.)

It is not unusual for the state to allow individuals filing petitions for judicial review of administrative rulings to do so in their county of residence, to aid in their ease of appeal. However, this practice should not be extended to cases involving uninsured drivers, who already receive hearings at the general expense of the insured motoring public. It is estimated that this requirement would increase transportation fund expenditures by \$120,000 in 1977-79.

**II-C**

**SECTION 1463: Statute 344.03**

344.03 (title) Judicial review. (1) Any person aggrieved by ~~any action of the administrator a decision of the transportation commission~~ pursuant to this chapter may, at any time prior to 30 days after the entry of order of suspension or revocation, file a petition in the circuit court of ~~Dane~~ [Dane] ~~the county of the petitioner's residence~~ for a review thereof as provided in s. 227.16. The court shall summarily hear the petition and may make any appropriate order or decree within the scope of s. 227.20.

(2) If any person aggrieved by ~~any action of the administrator a decision of the transportation commission~~ pursuant to this chapter fails to file a petition within the time allowed in sub. (1), the circuit court of ~~Dane~~ [Dane] ~~the county of the petitioner's residence~~ may, upon the person's petition and notice to the ~~administrator department and transportation commission~~, and upon the terms and within a time as the court deems reasonable, but not later than one year after the act complained of, allow a review with the same effect as though done within the time prescribed in sub. (1). This subsection does not authorize the court to stay suspension or revocation of an operator's license. Vetoed in Part

**III. Elementary and Secondary Education**

**III-A. Special Adjustment Aids**

Section 1092m of the budget bill would establish a new state aid program to reduce the effects of large changes in valuations and membership within a school district. I have vetoed a portion of this new program.

Equalization is the fundamental goal of school finance in Wisconsin. Its premises are justified and legally required in the state and federal constitutions. With the noteworthy achievements that have been made in Wisconsin, I am hesitant to approve the establishment of a new categorical aid that does not measure up to that goal. However, I recognize that sharp changes in membership and valuations can produce adverse effects that are a legitimate concern for school officials and taxpayers. The special adjustment aids, with the item veto I have made, will mitigate these concerns without upsetting the basic equity inherent in the school aid formula.

Special adjustment aids are designed to soften losses in general aid experienced by some districts. This is a legitimate concern. However, the special adjustment aids as written would allow districts to include their adjustment aids in computing future losses. For example, a district that receives \$500,000 in general aid in 1976-77 and is eligible for \$400,000 for each of the next two years, would receive \$50,000 in adjustment aid in the first year. In the following year, they would receive \$25,000 in adjustment aids even though there was no change in their general aid eligibility. In fact, they could receive adjustment aids even though their eligibility increased in the second year. Without the change I propose, the special adjustment aid program would be a permanent part of a school district's base for aid purposes, rather than providing for a legitimate transition where it is necessary.

**III-A**

**SECTION 1092m: Statute 121.10 (3)**

(3) For the purposes of this section, "state aid" means the sum of the amounts received as general aid under s. 121.08, aids paid under SECTION 1092n of chapter ~~...~~ of this act, laws of 1977, and aids paid under sub. (1). Vetoed in Part

**III-B. Personal Property Tax Relief Transfer Aid**

Sections 907n and 1092u establish a new state aid, related to the personal property tax phaseout, for school districts that receive no general state aid. I have vetoed the personal property tax relief transfer aid, because it is contrary to the equalization of school finance in Wisconsin.

School districts which would benefit under this proposal already have higher property tax bases than the state guarantees for most districts. Thus, this proposal gives an advantage to districts which already are able to spend more and tax less than the average district.

The money for this program would otherwise be paid statewide, distributed on the basis of personal property location. There can be no justification for transferring \$900,000 from these taxpayers to a relative handful of school districts.

**III-B**

**SECTION 907n: Statute 79.16 (2) (b) (intro) and 3.**

79.16 Personal property tax relief provided through school aid and shared revenue account.

(2) SCHOOL AID.

(b) Within the time period under par. (a), the state superintendent of public instruction shall calculate the amount to be transferred by the department of administration from the appropriation under s. 20.835 (2) (b) to the appropriation under s. 20.255 (1) (f) which shall be equal to the difference of subds. 1 and 2, plus the amount under subd. 3. Vetoed in Part

1. The amount of general aid which would be distributed using the valuations certified under s. 121.06 and guaranteed valuations as determined under par. (a).

2. The amount of general aid which would be distributed under par. (a).

~~3. The estimated amount for the current school year as determined under s. 21.11.~~ Vetoed in Part

**SECTION 1092u: Statute 121.11**

~~SECTION 1092u. 121.11 of the statutes is created to read:~~  
121.11 Personal property tax relief transfer aid. (1) State aid shall be computed under this section for those school districts which do not receive a state aid payment under s. 121.06.  
(2) In this section, "shared cost levy rate" means the quotient of the shared cost under s. 121.07 (b) divided by the school district equalized valuation.  
(3) Beginning with the 1978-79 school year through the 1982-83 school year, the state superintendent shall determine the following:  
(a) The shared cost levy rate for each school district being the school district equalized valuation without reduction for fractional assessment under s. 70.37 (5). Vetoed in Part

~~(b) The shared cost levy rate for each school district using the school district equalized valuation under s. 121.004 (9).~~  
~~(c) For each school district under this section an amount of aid which would be required to make the shared cost levy rate under par. (b) equal the shared cost levy rate under par. (a).~~  
~~(d) The amount determined under sub. (3) (c) shall be paid to school districts under this section from the appropriation under s. 20.255 (1) (C).~~ Vetoed in Part

**III-C. Parity for Union High and K-8 Districts**

Section 1086 provides a phase-in for general aid parity between UHS/K-8 districts and K-12 districts.

I have vetoed this phase-in period to provide immediate parity in state sharing with the UHS and K-8 districts under the general school aid formula. This was the proposal included in my budget recommendation. It is clear that the aid differential is not an incentive for further reorganization. Instead, the penalty may diminish educational quality in such districts.

Estimated Fiscal Effect: Reduce GPR by \$2.0 million in 1977-79.

**III-C**

**SECTION 1086: Statute 121.07 (6) (a) and (7) (c) and (d)**

121.07 (6) SHARED COST. (a) "Shared cost" is the sum of the school district general fund operational cost and annual capital outlay, minus the operational receipts, plus principal and interest payments on long-term indebtedness for the current school year. The sum of principal and interest payments on long-term indebtedness included in shared cost may not exceed \$90 per member. ~~The interest computed under s. 121.05 (6) (a) shall not be included as operational receipts under this paragraph.~~ Vetoed in Part

(b) The "primary ceiling cost per member" is 110% of the state average shared cost per member for the previous school year, as determined by the state superintendent.

(c) The "primary shared cost" is that portion of a district's shared cost which is less than the primary ceiling cost per member multiplied by its membership.

(d) The "secondary shared cost" is that portion of a district's shared cost which is not included in the primary shared cost.

(7) GUARANTEED VALUATION PER MEMBER. (a) The "primary guaranteed valuation per member" shall be \$116,800 in the 1977-78 school year and \$130,500 thereafter.

(b) The "secondary guaranteed valuation per member" shall be an amount rounded to the nearest \$100 determined by dividing the equalized valuation of the state by the state total membership.

(c) For districts operating only high school grades, the amounts in pars. (a) and (b) shall be multiplied by 2.90 in the 1977-78 school year and by 3 in the 1978-79 school year and thereafter, and rounded to the nearest \$100. Vetoed in Part

(d) For districts operating only elementary grades, the amounts in pars. (a) and (b) shall be multiplied by 1.44 in the 1977-78 school year and by 1.5 in the 1978-79 school year and thereafter, and rounded to the nearest \$100. Vetoed in Part

(8) GUARANTEED VALUATION. A school district's primary and secondary guaranteed valuations are determined by multiplying the amounts in sub. (7) by the district's membership.

**III-D. Cost Control Formula**

Sections 1122 and 1122m provide for two levels of school cost controls: 1) districts at or above the statewide average may increase their per pupil costs by 9.5%; 2) districts below the average may use 9.5% of the statewide average per pupil cost. I have vetoed these sections to provide that all districts use 9.5% of the statewide average per pupil cost in computing their allowable cost increase.

Current law provides that districts may increase their per pupil expenditures by 9.5% over the prior year. This procedure has led to larger dollar increases for those districts with the highest spending levels, while districts with low levels of spending are allowed a smaller dollar increase. This has tended to widen the disparity in educational opportunity between districts.

Through the item veto I have made, all districts will base their increases on the statewide average. In this way the controls will allow every district a comparable per pupil increase. This will introduce a significant element of equity between districts into the program. As before, the voters of any school district will have the opportunity to determine if the controls should be exceeded.

**Cost Control Appeal to Improve Energy Efficiency**

Section 1123p would provide a cost control appeal for school districts which incur expenditures in upgrading their facilities to energy efficient standards.

This appeal procedure is of questionable benefit because most upgrading of facilities involve non-operating costs (i.e. principal and interest), which are already exempt from the controls. The remaining types of structural improvements that might lead to energy efficiency fall within the concept of maintenance. Cost controls require school districts to plan for and implement careful maintenance cycles. If they do this, improvements can be made without any need for an appeal.

Finally, I believe that the local referendum procedure should not be undermined by additional cost control appeals. The voters of a school district are better qualified than the state to determine when cost controls should be exceeded.

**III-D****SECTION 1122 and 1122m: Statute 121.91 (1)**

~~121.91 (title) Cost control formula. (1) For the 1975-76 school year, and annually thereafter, for school districts budgeting on a school year basis, the allowable share cost budget shall be computed as follows: the budgeted per-pupil shared controllable cost increase for each school district over its prior school year per pupil shared cost shall be limited to the sum of its controllable cost per member for the previous school year and 9.5% of its controllable cost per member for the previous school year, multiplied by the average membership.~~

~~SECTION 1122m. 121.91 (1m) of the statutes is created to read:~~

~~121.91 (1m) School districts whose controllable cost per member is below the statewide average may increase their controllable cost per member by an amount not to exceed the statewide average controllable cost per member for the previous school year times the percentage established under sub s. (1), multiplied by the average membership.~~

Vetoed in Part

**SECTION 1123p: Statute 121.91 (3) (d)**

~~SECTION 1123p. 121.91 (3) (d) of the statutes is created to read:~~

~~121.91 (3) (d) A cost attributable to the upgrading of school buildings to energy efficient standards, but the state superintendent shall, in the subsequent school year, exclude such cost.~~

**III-E. S.E.N. Discretionary Grants**

Section 1076i authorizes the superintendent of public instruction to award up to \$100,000 annually in discretionary grants under the special educational needs program. I have vetoed this authority, because funds should be made available according to the same criteria to meet the intent of the special educational needs program.

There has never been a permanent authority granted for discretionary awards, and during the 1977-79 biennium, as new changes are being implemented to improve the program throughout the state, there should be maximum equity in the way awards are granted.

There is no fiscal effect of this veto, because the monies designated for discretionary grants will be distributed according to the program criteria already established for other grants.

**Inkind Matching Under the S.E.N. Program**

Section 1076g establishes the option for non-public grantees under the S.E.N. program to use an inkind match to meet the new requirements for funding under the program. Public schools that receive an award would not be allowed this option. Public schools would have to provide a cash match, and it is because of this double standard that I have vetoed inkind matching for non-public grantees.

Under current law there is no matching required for participants in the S.E.N. program. Experience has shown, however, that grantees have not continued their programs after termination of state funding. It is reasonable to require a minimal match in order to elicit sincere district interest in the program as a precondition to funding. Even though a cash match may be difficult in some instances to generate, it would be inequitable to allow some grantees an exemption from this potential improvement in the program at the same time it is required of others.

**III-E****SECTION 1076g: Statute 115.92 (2) (a)**

~~(2) The school districts and other agencies eligible under s. 115.90 shall submit applications to serve the number of children determined under s. 115.91. Such proposals~~

~~(a) No grantee may receive any funds distributed under this subchapter unless the grantee provides at least 25% of the estimated total cost of the program to be funded under this subchapter. Nonprofit, nonsectarian agencies may satisfy such matching requirement with in-kind goods and services in lieu of cash contributions. The state superintendent shall determine that reasonable valuation is given to any such in-kind matching.~~

Vetoed in Part

**SECTION 1076i: Statute 115.92 (3)**

~~SECTION 1076i. 115.92 (3) of the statutes is created to read:~~

~~115.92 (3) From the amounts appropriated under s. 39.255 (1) (b), not more than \$100,000 annually may be expended at the discretion of the state superintendent to enhance the educational opportunities of children at any grade level who come from socially, economically or culturally disadvantaged environments.~~

Vetoed in Part

**III-F. Community Action Agencies**

Section 1077 enables local school districts to finance services through community action agencies during summer months. The purpose is to expand the funding opportunities available to community action agencies so they can begin to meet needs that may not have been addressed in the past. I have vetoed an amendment that would exclude all types of instructional services from those that can be financed by a school district through CAAs. There is no justification for this limitation at this time; in fact, it could significantly weaken the program.

**III-F**

**SECTION 1077: Statute 118.28**

~~118.28 Community action agencies. The school board of a school district may appropriate funds for promoting and assisting any community action agency designated by the U.S. community services administration pursuant to the community services act of 1974. Funds appropriated to a community action agency under this section shall not be used for the purpose of providing regular instructional services to pupils of the school districts during the school year.~~

*Vetoed in Part*

**IV. Higher Education**

*IV-A. School of Veterinary Medicine*

Section 479p directs the Board of Regents to establish a school of veterinary medicine at the University of Wisconsin-Madison and a satellite clinic at UW-River Falls. Within the state building program as enumerated in Section 1606c (1) (a), money for advance planning and for construction of a veterinary college is also appropriated.

Establishing a veterinary college in Wisconsin is not the way to solve the problem of the maldistribution of veterinarians or to meet the educational needs of our students. Training veterinary medical doctors in Wisconsin will not automatically increase the number of practicing veterinarians in Wisconsin. Nine of the 32 states without veterinary colleges have more veterinarians per 100,000 residents than Wisconsin. Factors other than the presence of a veterinarian college greatly affect the distribution of veterinarians among the states.

If a school were established in Wisconsin, it is unlikely that more than half of those trained here would stay here to practice. The graduate retention rates in neighboring states show that Minnesota keeps only 50% of its native graduates, Illinois 53%, Michigan 52%, and Iowa 51%. Furthermore, there is no evidence that the graduates who would stay in Wisconsin would tend to settle in rural counties or in areas of veterinarian shortage. Veterinarians as a group will continue to enter lucrative urban practices in Wisconsin for the next 15-25 years, until the market for veterinarians in the urban counties is saturated, regardless of the presence or absence of a veterinary college.

Although the money appropriated for the school in this bill is relatively modest, once the school is fully operating it will cost about \$6 million annually, including debt service on new construction. Thus, directing the Board of Regents to establish a school of veterinary medicine irrevocably commits this state to substantial expenditures for years to come.

As an alternative, I proposed a series of contracts with neighboring states, which would allow Wisconsin residents to attend veterinary colleges in other states. These contracts would provide 80% of the graduates that a Wisconsin school would produce, at only 40% of the cost. Because the contract alternative is a far more cost-effective way to meet the state's need for veterinarians, I am vetoing the directive to proceed with a school of veterinary medicine in Wisconsin, contained in Section 479p. I am also directing the Department of Administration to place the \$981,000 GPR which was added to the University of Wisconsin's General Program Operations appropriation into unallotted reserve for the 1977-79 biennium.

Additionally I am vetoing both the \$240,000 GPR in Building Trust funds for advance planning and \$2,900,000 bond revenue for construction of the veterinary college facilities, as enumerated in Section 1606c(1) (a).

**IV-A**

**SECTION 479p: Statute 36.25 (18)**

~~SECTION 479p. 36.25 (18) of the statutes is renumbered 36.25 (18) (a) and amended to read:  
36.25 (18) (a) The board of regents shall establish and maintain a school of veterinary medicine at the university of Wisconsin-Madison and a satellite food animal clinical facility at the university of Wisconsin-River Falls. Existing facilities at those institutions shall be used to the maximum possible extent for auxiliary instructional and research support of the veterinary and satellite food animal clinical programs.~~

*Vetoed in Part*

**SECTION 1606c (1) (a): Statute Session Law**

SECTION 1606c. Authorized state building program. (1) For the 1977-79 fiscal biennium, the authorized state building program shall be as follows:

~~School of Veterinary Medicine ..... 240,000  
and satellite food animal  
clinical facilities - advance  
planning ..... 2,900,000~~

*Vetoed in Part*

~~..... School of Veterinary Medicine ..... 2,900,000 ..... Vetoed in Part.~~

## V. Natural Resources

### V-A. Water Pollution Discharge Permits

Section 1610h directs the Department of Natural Resources to reissue existing pollution discharge permits to all direct point source polluters on the Fox and Wisconsin rivers. The Department would not be allowed to use the criteria normally applied in issuing such permits. The reissued permits would expire on December 31, 1980; between now and then the Department would be precluded from upgrading water quality standards for the Fox and Wisconsin rivers, and no public hearings could be held on eventual new standards until 1979. I have vetoed these provisions because they would unwisely delay continued improvement in water quality in the effected rivers and because the provisions directly conflict with federal laws and regulations.

Federal law establishes water quality standards which must be attained in accordance with various deadlines and within the limits of available technology. Section 1610h prevents the Department of Natural Resources from taking the necessary steps to insure that these federal requirements will be met; specifically, section 1610h prevents the DNR from gradually increasing water quality standards and from issuing discharge permits consistent with those standards.

The critical deadline for meeting federal water quality standards is July 1, 1983. Those standards cannot be met if the state's water quality control efforts come to a virtual standstill for the next 3 1/2 years. There would only be 2 1/2 years left (after December 30, 1980) to issue new permits, plan construction projects, order and install new equipment and see that it is in working order.

The U.S. Environmental Protection Agency has already notified state officials that this amendment is in direct conflict with federal laws and regulations. EPA has indicated that if DNR reissues current permits on the Fox and Wisconsin rivers, it could not approve them. Municipal and industrial permittees would be left without valid permits and would be subject to federal and civil suit.

To date, water pollution abatement efforts in Wisconsin have been significant. They have been supported and demanded by the public. The paper industry has made a substantial and highly commendable contribution to this total effort. The enactment of the provisions described above would mandatorily halt for several years any further progress in pollution abatement on two of our major rivers.

### V-A

#### SECTION 1610h: Statute Session Law

SECTION 1610h. Natural resources pollution discharge permits. (1) The legislature

(a) Recognizes that the Fox and Wisconsin rivers have exceptional concentrations of pulp and paper mill discharges which exacerbate the problems of ensuring better water quality.

(b) Recognizes that water quality studies are being conducted by the department of natural resources on the Fox and Wisconsin rivers.

(c) Recognizes that the permitted levels of pollutant discharge set by existing pollutant discharge permits issued under sections 147.02 and 147.03 (1) of the statutes which are required to be met by July 1, 1977, have had a beneficial effect on the water quality of the Fox and Wisconsin rivers.

(d) Wants to ensure that the department of natural resources carefully consider the additional beneficial effects on the water quality of the Fox and Wisconsin rivers due to the permitted levels of pollutant discharge set by existing pollutant discharge permits.

(2) Therefore, the legislature

(a) Directs and authorizes the department of natural resources to reissue, under sections 147.02 and 147.03 (1) of the statutes, existing pollutant discharge permits to all direct point source discharge permittees on the Fox and Wisconsin rivers. The reissued permits shall expire on December 31, 1980.

(b) Directs the department of natural resources to maintain the existing water quality standards presently established for the Fox and Wisconsin rivers during the period that reissued permits are valid. No public hearings conducted by the department of natural resources aimed at eventual promulgation of new water quality standards and new effluent limitations for permittees on the Fox and Wisconsin rivers may be held prior to January 1, 1979. No permit may be issued to replace a reissued permit until after the environmental protection agency has established that best available technology economically achievable standards.

(c) Directs the department of natural resources to continue its river modeling and water quality assessment work on the Fox and Wisconsin rivers and lower Green Bay, with special care to ensure that the beneficial effects of the permitted pollutant discharge levels currently in effect are demonstrated.

### V-B. Environmental Discharge Fee

Section 1188 establishes a fee by which polluters will defray some of the cost of the state's environmental protection effort. The program provides for a \$50,000 ceiling on fees, as well as a fee schedule that will generate 30% of program costs. I have vetoed the \$50,000 ceiling and made a technical change to insure that the program will generate the 30% share.

The \$50,000 ceiling will mean that plants with relatively low pollution levels could pay a disproportionate share of the enforcement program cost. For example, the ceiling could prevent a firm which pollutes twice as much as another from paying twice as high a fee. As a result, smaller industries

in Wisconsin would be required to subsidize the costs of environmental protection caused by larger plants. This subsidy could be particularly burdensome if smaller firms are required to pay that portion of the fees exceeding \$50,000.

Estimated Fiscal Effect: Increase GPR-earned revenue by \$30,000 in 1977-79.

**V-B**

**SECTION 1188: Statute 144.54 (3) (c) and (d)**

144.54 (3) (b) In establishing an annual discharge fee schedule, the department shall distinguish between substances discharged directly to surface waters and those discharged into land disposal systems or publicly owned treatment works based on their relative impacts on the quality of ground and surface waters.

*Vetoed in Part*

(c) The annual discharge fee schedule shall be designed to generate revenues equal to 30% of the state cost of departmental activities for the administration of air pollution control under this section and ss. 144.30 to 144.42 and water resources under this section and ss. 144.025, 144.04 and 144.55 and ch. 147, except that the costs of departmental inland lake renewal activities under ch. 33, water supply activities under ss. 144.025 (2) (L) and (r) and 144.04, high capacity well activities under s. 144.025 (2) (e) and solid waste activities under ss. 144.44 and 144.445 shall not be included in determining such costs.

*Vetoed in Part*

(d) The annual operating plant discharge environmental fee under this section may not exceed \$50,000 per operating plant and shall be paid for each plant at which pollutants are discharged.

**V-C. Non-Point Source Water Pollution Grants**

Sections 371m, 984, 984m and schedule establish a nonpoint source water pollution abatement grant program funded by general purpose revenue of \$265,000. The program would be administered by the Board of Soil and Water Conservation Districts. I have vetoed this program.

Non-point source pollution is a significant problem which at some point may require the state to provide some assistance toward its solution. However, the establishment of a program at this time would be premature, because: the methods of addressing the problem of non-point source pollution have not been well defined; priorities among state initiatives have not been identified; and the appropriate roles of state agencies have not been determined.

In addition, the program as structured has the following problems. First, the funds appropriated are so small that there would likely be little accomplished to improve the state's water quality. A meaningful program would cost considerably more, which underscores the need to closely study this issue before proceeding. To do otherwise could lead to implicit "commitments" of major new dollars. Second, the program is assigned to an agency not principally responsible for pollution abatement, thereby segmenting Wisconsin efforts in this area. Third, the limiting of grants to "farmers" discriminates against non-farm landholders with nonpoint pollution problems.

**V-C**

**SECTION 371m: Statute 20.855 (2) (f)**

~~SECTION 371m, 20.855 (2) (f) of the statutes is created to read:  
20.855 (2) (f) Agricultural nonpoint source water pollution grants. Biennially, the amounts in the schedule to make the grants under s. 92.21.~~

*Vetoed in Part*

**SECTION 984: Statute 92.04 (4) (i)**

92.04 (4) (i) Prepare and present to the board of regents of the university of Wisconsin ~~system~~ a budget to finance the activities of the board and the districts, ~~except the budget for the programs under ss. 92.20 and 92.21 need not be submitted to the board of regents, and to administer any law appropriating funds to the districts.~~

*Vetoed in Part*

**SECTION 984m: Statute 92.21**

~~SECTION 984m, 92.21 of the statutes is created to read:  
92.21 Agricultural nonpoint source water pollution grants. (1) Annually, the board of soil and water conservation districts shall make grants from the appropriation under s. 20.855 (2) (f) to farmers, as defined under s. 102.04 (3). Each grant shall be up to 50% of the actual approved cost of enduring projects to abate agricultural nonpoint source water pollution. For the purposes of this section an enduring project is a nonoperating expense which has an expected useful life of at least 5 years. No grant may be made which conflicts with an area wide waste management plan approved under s. 147.25. No person may receive more than \$10,000 under this section.~~

(2) The board of soil and water conservation districts shall establish eligibility and priorities for distributing grants under this section giving consideration to the financial need of the farmer and the severity of the water pollution to be abated.

(3) Any farmer, as defined under s. 102.04 (3), may apply for a grant under this section by submitting an application to the board of soil and water conservation districts. The application shall be in such form, shall include such information and be submitted at such time as the board of soil and water conservation districts prescribes by rule.

*Vetoed in Part*

**SECTION Schedule: Statute funding for 20.855 (2) (f)**

~~SECTION 20.855 (2) (f) of the statutes is amended to read:~~ Vetoed in Part  
~~20.855 (2) (f) Agricultural nonpoint source water pollution grants. \$25,000.~~

**V-D. Sewage Treatment Grant Program**

Sections 385m, 1176d, 1176m, 1177m, 1609n and schedule would continue the state pollution abatement grant program for two years at a level of \$13,085,000, of which \$6,850,000 is general obligation bond funds and \$6,235,000 is GPR funds. I have vetoed the general obligation bond funds and the new need criteria added to the program.

The \$6,235,000 GPR is adequate to fund those projects which are either under construction have been certified application on file and DNR by May 18, 1977. I believe that we have a moral obligation to fund these projects because these localities have proceeded under the legitimate assumption that state funds would be available. The remaining projects (those which have expressed an interest in building at some point in the future) should not be funded until it is determined that it is necessary to continue the state grant program and, until a serious look is given to restructuring the program.

GPR funds should be used instead of bond funds because we are addressing a short term problem, i.e. the backlog of grant applications which are at an advanced stage of completion. In addition, there are federal public works funds which are available for pollution abatement projects which could be used to fund those municipalities which have expressed an interest in building at some point in the future.)

Although I am in agreement that grants should be made based upon financial need, I do not believe that section 1176m is adequate to accomplish what must be done. In addition, if there is to be a state grant program in the future, I would hope that wholesale changes would be made (including addressing the financial need issue) and not piecemeal changes such as this section accomplishes. The current state grant program has some serious flaws which should be corrected before the state makes any further commitment of scarce resources.

**V-D**

**SECTION 385m: Statute 20.866 (2) (tm)**

~~SECTION 385m, 20.866 (2) (tm) of the statutes is amended to read:~~ Vetoed in Part  
~~20.866 (2) (tm) Natural resources: water pollution abatement and sewage collection facilities. As a continuing appropriation from the capital improvement fund, the amount in the schedule to the department of natural resources to acquire, construct, develop, enlarge or improve water pollution abatement and sewage collection facilities. The state may contract public debt in an amount not to exceed \$1,400,000 or \$1,230,000 for this purpose. Of this amount, \$9,000,000 is allocated for water pollution abatement and sewage collection facilities pursuant to s. 144.23.~~ Vetoed in Part

**SECTION 1176d: Statute 144.21 (3) (c)**

~~SECTION 1176d, 144.21 (3) (c) of the statutes is renumbered 144.21 (3) (c).~~ Vetoed in Part

**SECTION 1176m: Statute 144.21 (3) (c) 2.**

~~SECTION 1176m, 144.21 (3) (c) 2 of the statutes is created to read:~~ Vetoed in Part  
~~144.21 (3) (c) 2. A municipality applying for a 2.5% state grant is eligible for such payments under this section on or after the effective date of this act (1977), whether or not the municipality has applied for payments under this section and whether or not the municipality's application under this section has been approved or an agreement entered into under this section prior to the effective date of this act (1977), only if the municipality is in the lower 35% of all municipalities ranked under this subdivision. For the purposes of this subdivision, all cities, villages and towns in the state shall be ranked by the department of natural resources, using data from the department of revenue by multiplying 2 factors together. The first factor shall be the full valuation for the city, town or village as defined in s. 72.02 (3) (c) 2, divided by the city, town or village population estimate as determined by the department of administration under s. 16.06. The second factor shall be the sum of the Wisconsin adjusted gross income as defined in s. 71.02 (3) (c) of the city, town or village, divided by the city, village or town population, defined as the total dollar amount of exemptions on the returns taken into account in determining the Wisconsin adjusted gross income for the city, town or village divided by 5.0. For the purposes of measurement of per capita Wisconsin adjusted gross income as used in this subdivision, the per capita Wisconsin adjusted gross income of a municipality which is located in more than one county shall be that amount for the entire municipality. If the municipality is not a city, village or town, for the purposes of this subdivision, it shall have the same rank as the city, village or town with which it has the most area in common. If the municipality is not a city, village or town, it may examine, at its own expense, tax and other records of the department of revenue to determine the exact per capita Wisconsin adjusted gross income of and exact per capita full valuation of all taxable property in that municipality. If such a municipality so determines those factors, the department of natural resources shall, upon sample verification, accept such determinations for the purpose of ranking municipalities under this subdivision. This subdivision does not apply to a project which received payment in whole or in part prior to the effective date of this act (1977).~~ Vetoed in Part

**SECTION 1177m: Statute 144.21 (6) (b) 2.**

SECTION 1177m. 144.21 (6) (b) (intro.) and 2 of the statutes are amended to read:

144.21 (6) (b) (intro.) The department may enter into agreements with municipalities and school districts to make payments to them from the appropriation appropriations made by s. ss. 20.370 (2) (f) and 20.866 (2) (tm).

~~It is the intent of the legislature that state debt not to exceed \$144 million, \$100,000,000 in the 10-year period from 1969 to 1979 may be incurred for state water pollution and abatement assistance.~~

Vetoed in Part

**SECTION 1609n: Statute Session Law**

SECTION 1609n. Natural resources; state wastewater grants. Of the \$3,000,000 available for state grants to municipalities and school districts for assistance in the construction of water pollution abatement and sewage collection facilities under sections 20.370 (2) (f) and 20.866 (2) (tm) of the statutes, \$400,000 shall be allocated for 25% state grants and \$8,000,000 shall be allocated for 5% to 15% state supplemental grants. This funding is provided for the projects for which applications were filed with the department of natural resources by May 18, 1977, and which were placed on the department's project list. Those projects which had a completed application on file, were placed under construction, were certified by the department to the environmental protection agency or had received a federal grant shall be given first priority for these funds with the balance available for the remaining projects on the list.

Vetoed in Part

**SECTION Schedule: Statute funding for 20.866 (2) (tm)**

~~Ch. Nat. Res. Water Pollution Abate. and Sewage Collection Fac. RR C A. 858, 800~~

Vetoed in Part

**V-E. Expanding the Scope of Boat Aids**

Sections 219 and 464 increase the maximum amount available for boat enforcement aids administered by the DNR from \$200,000 to \$400,000. These sections also expand the eligibility for boat enforcement aids to include search and rescue activities. I have vetoed both of these adjustments.

It is unlikely that there will be sufficient funds available in 1977-79 to even pay \$200,000 in boat enforcement aids; consequently, increasing the \$200,000 figure is meaningless in the absence of a registration fee increase or new fees.

A further concern is whether or not search and rescue operations should be funded as an enforcement activity. Inclusion now will require proration of aids. If reimbursement for search and rescue operations are a legitimate use of boat registration monies, they should be differentiated from the enforcement appropriation.

**V-E**

**SECTION 219: Statute 20.370 (3) (wf)**

20.370 (3) (wf) (title) *Aids, boat enforcement.* From the moneys received under ss. 30.50 to 30.55, an amount not to exceed ~~\$200,000~~ [\$200,000] ~~\$400,000~~ annually for the payment of state aids under s. 30.79, after first deducting the amounts appropriated under pars. par. (wd) and (we) and sub. (8) (w).

Vetoed in Part

**SECTION 464: Statute 30.79 (1) (b), (2), (3) and (4)**

30.79 (1) (b) "Water safety patrol unit" means a unit within an existing municipal law enforcement agency or a separate municipal agency, created by a municipality or by a number of municipalities riparian to a single body of water for the purpose of enforcing ss. 30.50 to 30.80 and any rules and ordinances enacted pursuant thereto under ss. 30.50 to 30.80 and for conducting search and rescue operations.

Vetoed in Part

(2) STATE AID. In order to protect public rights in navigable waters and to promote public health, safety and welfare and the prudent and equitable use of the navigable waters of the state, a system of state aids for local enforcement of ss. 30.50 to 30.80 and ordinances enacted pursuant thereto under ss. 30.50 to 30.80 and for conducting search and rescue operations is hereby established. Aid shall be granted under this section to those municipalities which establish, maintain and operate water safety patrol units in accordance with this chapter.

Vetoed in Part

(3) ENFORCEMENT POWERS. Officers patrolling the waters as part of a water safety patrol unit may stop and board any boat for the purpose of enforcing ss. 30.50 to 30.80 or any rules or ordinances enacted pursuant thereto under ss. 30.50 to 30.80 and for conducting search and rescue operations, if he has the officers have reasonable cause to believe there is a violation of such the sections, rules or ordinances or the stopping and boarding of any boat is essential to conduct a search and rescue operation.

Vetoed in Part

(4) JURISDICTION. Upon petition by any municipality or group of municipalities operating or intending to operate a water safety patrol unit, the department shall, if it finds that it is in the interest of efficient and effective enforcement to do so, by rule define the waters which may be patrolled by such the unit, including waters lying within the territorial jurisdiction of some other town, village or city if such the town, village or city consents thereto to the patrol of its waters. Such consent is not required if the petitioner is a municipality containing a population of 5,000 or more, bordering upon the waters to be affected by such the rule in counties having a population of less than 500,000. Officers patrolling the waters as part of such the water safety patrol unit shall have the powers of sheriff in enforcing ss. 30.50 to 30.80, or rules or ordinances enacted pursuant thereto under ss. 30.50 to 30.80 and for conducting search and rescue operations, on any of the waters so defined, whether or not such the waters are within the municipality's jurisdiction for other purposes.

Vetoed in Part

*V-F. Lake Mendota Bulkhead*

Sections 1606c and 1606d would deed the state's title and interest in certain lands along the shore of and beneath the waters of Lake Mendota to the U.W. Board of Regents. This area, between the Limnology Building and Memorial Union and extending 250 feet into the lake, would be used to construct a permanent bulkhead and pier(s) for the Hoofers Club (an outdoor recreational club at UW-Madison). I have vetoed these provisions because the proposed project could cause significant environmental damage by encroaching on a walleyed pike spawning area. Spawning sites for walleyes are not plentiful in Lake Mendota and this site should be preserved.

Further, the land created by filling in the lake bed will be used to store the boats of the Hoofers Club. The Hoofers Club bylaws state that only members of the club can use its facilities; thus, public lands would be deeded to a quasi-private club.

Finally, section 1606(d) contains an inadequate legal description of the lake bed grant. Rather than containing an accurate legal description, it provides only a general footage description between two buildings on the UW campus.

Estimated Fiscal Effect: Reduce building trust fund expenditures by \$75,000 and gift and grant expenditures by \$175,000.

**V-F**

**SECTION 1606c: Statute Session Law**

~~~~~ Vetoed in Part ~~~~~

**SECTION 1606d: Statute Session Law**

SECTION 1606d. University of Wisconsin-Madison bulkhead. All rights, title and interest of the state of Wisconsin in and to the lands submerged beneath the waters of Lake Mendota, adjacent to the shore of Lake Mendota and lying between the Limnology building on the west and the Memorial Union on the east on the University of Wisconsin-Madison campus and extending into Lake Mendota for a distance of 250 feet are hereby granted to the board of regents of the university of Wisconsin system for the purpose of erecting thereon a permanent bulkhead and pier or piers for navigation purposes. The bulkhead and pier or piers may be erected at any desirable point within the area granted to the board of regents. The bulkhead shall not exceed 250 feet in length nor 45 feet in width on the top but in addition thereto piers for the accommodation of boats may be constructed contiguous to and projecting from the bulkhead. Plans for the structure shall be approved by the department of natural resources, prior to commencement of construction. Vetoed in Part

**VI. Human Services**

*VI-A. Corrections' Institutional Facilities and Staffing*

Sections 1606c, 1625v and 1625x provided \$5 million for construction or purchase of additional adult correctional facilities, \$5 million for construction or purchase of additional juvenile correctional facilities and \$13.5 million for additional staffing for added adult and juvenile facilities during the 1977-79 biennium. I have vetoed the specific dollar limits for the respective adult and juvenile facility construction, purchasing and staffing. Additionally, I have vetoed the requirement that the Department of Health and Social Services obtain the specific approval of the Joint Committee on Finance before any staff for the increased institutional space can be recruited.

The specific dollar limits included in the budget bill are too restrictive relative to the department's ability to secure additional housing for adults and juveniles during the 1977-79 biennium. The veto maintains a total of \$10 million for adult and juvenile facilities. Legislative oversight and determination is retained since the department must still submit a plan to both the State Building Commission and Joint Committee on Finance by September 1, 1977 for their approval in order to use the Building Program funds. Without the veto, neither of those committees could authorize any expenditures in excess of the specific dollar amounts for adult and juvenile facilities respectively.

The requirement for prior approval by the Joint Committee on Finance for recruiting each of approximately 700 added positions in corrections' institutional programs during 1977-79 would require virtually weekly meetings between the department and the committee. The department's submission of periodic reports to the committee on the status of the added positions should suffice in terms of the committee's need to know how the positions are being utilized.

**VI-A**

**SECTION 1606c: Statute Session Law**

|                                                                         |           |
|-------------------------------------------------------------------------|-----------|
| Projects to be financed by building trust funds:                        |           |
| Correctional system - advance planning                                  | 1,500,000 |
| - purchase/remodel, lease or construction of additional bulk facilities | 2,000,000 |

|                                                                      |           |                |
|----------------------------------------------------------------------|-----------|----------------|
| Correctional system - residential centers                            | 3,610,000 |                |
| - purchase/remodel or construction of additional adult facilities    | 3,000,000 | Vetoed in Part |
| - purchase/remodel or construction of additional juvenile facilities | 5,000,000 | Vetoed in Part |

(9) (a) Release of the \$3,000,000 authorized under sub. (1) (b) for the purchase, lease or construction of additional adult correctional facilities or remodeling of existing state buildings shall be subject to prior approval by the building commission and the joint committee on finance. The department of health and social services and the department of administration shall report to the joint committee on finance by September 1, 1977, a specific plan for such funds. Vetoed in Part

(b) Release of the \$5,000,000 authorized under sub. (1) (b) for the purchase, lease or construction of additional juvenile correctional facilities or remodeling of existing state buildings shall be subject to prior approval by the building commission and the joint committee on finance. The department of health and social services and the department of administration shall report to the joint committee on finance, the assembly committee on criminal justice and public safety and the senate committee on human services by September 1, 1977, a specific plan for such funds including the feasibility of establishing forestry conservation camps for juveniles committed to the department of health and social services under section 38.34 of the statutes (1975). Vetoed in Part

**SECTION 1625v: Statute Session Law**

~~SECTION 1625v. Adult correctional staffing. Of the amounts appropriated under section 20.435 (3) (a) of the statutes, \$3,257,800 in 1977-78 and \$3,347,800 in 1978-79 shall be utilized for additional correctional positions and related expenses associated with increased adult correctional populations. Funds for this purpose shall require the approval of the joint committee on finance prior to release. Vetoed in Part~~

**SECTION 1625x: Statute Session Law**

~~SECTION 1625x. Juvenile correctional staffing. Of the amounts appropriated under section 20.435 (3) (a) of the statutes, \$10,500 in 1977-78 and \$1,012,000 in 1978-79 shall be utilized for additional correctional positions and related expenses associated with additional juvenile correctional facilities. Funds for this purpose shall require the approval of the joint committee on finance prior to release. Vetoed in Part~~

**VI-B. Specialized Programming for Juvenile Correctional Clients**

Sections 1625p and 1625y add funding for an experimental educational program for juveniles in group foster homes and require that the GPR match for the federally funded Childrens' Monitoring Unit be spent only upon approval of the Joint Committee on Finance after receipt of a plan to systematically gather information on offenses committed by juveniles in the correctional system and after receipt of various types of data relative to juvenile correctional programming.

I have vetoed the provision requiring that the funds be expended on experimental educational programs in group foster homes, thus providing the department with the ability to utilize these funds for educational programs for juvenile correctional clients in a variety of residential settings.

Additionally, I have removed the requirement that the department obtain Joint Committee on Finance approval before expending the GPR matching funds for the Childrens' Monitoring Unit after the submission of the required reports. The GPR matching funds must be available on July 1, 1977 in order to capture the federal funds which are funding, for the most part, an ongoing program. The requirement to both develop a data gathering plan and collect the data makes it impossible to meet the July 1 deadline.

**VI-B**

**SECTION 1625p: Statute Session Law**

~~SECTION 1625p. Experimental educational programs for corrections group homes. Of the amounts appropriated under section 20.435 (3) (c) of the statutes, \$50,000 in 1977-78 and \$50,000 in 1978-79 shall be utilized for a pilot project for education and vocational training of juvenile correctional clients in group foster homes. The funds shall be released at the discretion of the department. Vetoed in Part~~

**SECTION 1625y: Statute Session Law**

~~SECTION 1625y. Children's monitoring unit. Of the amounts appropriated under section 20.435 (3) (a) of the statutes, \$54,200 in 1977-78 and \$15,000 in 1978-79 shall be utilized for a children's monitoring unit to review the appropriateness of initial placements in juvenile correctional institutions or alternate care, and the appropriateness of placements from juvenile correctional institutions. Funds for this purpose shall require the approval of the joint committee on finance prior to release. The department of health and social services shall, prior to the release of these funds, report to the joint committee on finance, the senate committee on human services, and the assembly committee on criminal justice and public safety regarding the department's plan to systematically gather information regarding offenses committed by juveniles prior to commitment to the department's custody, and for reporting that information and data summarizing juvenile placement patterns in state institutions or alternate care facilities, length of stay, and subsequent placements. Vetoed in Part~~

**VI-C. AFDC Work Related Expenses**

Sections 579p and 580m establish methods for calculating work related expenses for AFDC payments. One method is a flat rate of 18% of gross income. The other method is the itemization of

actual expenditures, which must include a vehicle mileage allowance but may not include vehicle payments, insurance, repair and maintenance costs.

My partial veto would provide for a flat rate of 18 % of gross income or the itemization of actual expenditures. It removes the requirement that the itemization include a mileage allowance and not include vehicle payments, insurance, repair and maintenance costs. Requiring that all itemizations include mileage allowances is inappropriate since there are recipients who do not require a mileage allowance as as related to their work. Furthermore, the blanket prohibition of vehicle payments, insurance, repair and maintenance costs may violate federal regulations. The effect of the veto will be to preserve and strengthen the intent of the legislative amendment.

#### *Reimbursement of Funeral Expenses*

Section 597 would require the state to reimburse counties at 100 % of the costs of funeral expenses of aid recipients. At the same time section 49.30 of the statutes, which remains unchanged stipulates that the maximum state reimbursement to counties for funeral expenses shall be \$300. I am vetoing the reference to 100% reimbursement of funeral expenses in order to remove this inconsistency and to retain the maximum state reimbursement at \$300.

#### *AFDC Recertification and Income Verification Procedures*

Sections 579b, 580r, and 581m require: (1) the documentation of actual income, economic status and assets by recipients of AFDC; (2) the department to establish a random sample method of recertifying AFDC recipients; and (3) a prohibition of estimating or projecting income for purposes of AFDC determination. The requirement to document "economic status" is being vetoed because it is too vague. The requirement to "verify" all assets is being vetoed because it would substantially increase the costs of income maintenance programs (e.g. requiring on-site appraisals of physical assets) and funds are not included in the budget for this purpose.

The provision requiring a random sample method of recertifying AFDC recipients is being vetoed because it would remove existing requirements with regard to recertification of *all* public assistance recipients. The sampling procedure proposed is a valid approach an one which should be included as a supplement to the existing recertification requirements rather than replacing them.

The prohibition on estimated or projected income for purposes of AFDC determination is being vetoed because it would violate federal regulations related to required income averaging provisions.

### VI-C

#### **SECTION 579b: Statute 49.19 (4) (bm)**

49.19 (4) (bm) The person applying for aid shall document, to the department's satisfaction, actual income ~~and economic status~~ as claimed in the application, and shall reveal ~~and verify~~ all assets.

Vetoed in Part

#### **SECTION 579p: Statute 49.19 (4) (es)**

49.19 (4) (es) In the determination of eligibility for aid under this subchapter all income of the AFDC group as defined under par. (em) shall be considered except an amount equal to expenses incurred in the earning of income and any other amount which must be disregarded under federal law and regulations. The work-related expense deduction shall be set at the greater of 18 % of gross income or the amount of actual expenditures. ~~The actual work-related expense calculation shall include a vehicle mileage allowance to be determined by the department but may not include vehicle payment, insurance, and repair and maintenance costs.~~

Vetoed in Part

#### **SECTION 580m: Statute 49.19 (5) (a)**

49.19 (5) (a) 2m. From the earned income of any other child 14 years of age or older or any other individual living in the same home and whose needs are taken into account in determining the budget, an amount equal to expenses incurred in the earning of income shall not be counted in determining the family income. The work-related expense deduction shall be set at the greater of 18 % of gross income or the amount of actual expenditures. ~~The actual work-related expense calculation shall include a vehicle mileage allowance, but may not include vehicle payment, insurance, and repair and maintenance costs.~~

Vetoed in Part

#### **SECTION 597: Statute 49.52 (1) (a)**

49.52 (1) (a) ~~The department shall reimburse each county for reasonable costs of income maintenance administration from s. 20.435 (4) (de) and (p) under a separate contract according to s. 46.032. The department shall reimburse each county from the appropriations under s. 20.435 (4) (d), (df), (dh) and (p) for 100% of the cost of aid to families with dependent children granted pursuant to s. 49.19, the administration of public assistance, medical assistance and for social services as approved by the department pursuant to under ss. 46.22 (4) (j) and (5m) (c) and 49.51 (2) (a), (3) (c) and (4), and for 100% of funeral expenses paid for recipients of aid pursuant to under s. 49.30, except that no reimbursement shall may be made for the administration of or aid granted under ss. 49.02 and 49.03. Funds received under this section may not be used to match state reimbursement for shelter care under ss. 48.31 and 48.38.~~

Vetoed in Part

**SECTION 580r: Statute 49.19 (5) (e)**

~~SECTION 580r: 49.19 (5) (e) of the statutes is repealed and recreated to read:  
49.19 (5) (e) The department shall establish rules for appropriate circumstances under which counties shall recertify a random sample of recipients of aid to families with dependent children within 90 days of initial certification and every 6 months thereafter. The random sample shall include at least 10% of the caseload. A recipient required to be recertified shall appear in person at a time and place specified by the department for such recertification. The department shall investigate and make a determination of eligibility and grant size each time the recipient is recertified.~~ Vetoed in Part

**SECTION 581m: Statute 49.19 (11) (c)**

~~SECTION 581m: 49.19 (11) (c) of the statutes is created to read:  
49.19 (11) (c) Grants under this subsection which vary according to other income received by the recipient shall be determined only on the basis of verified current income and may not be determined on the basis of estimated or predicted income.~~ Vetoed in Part

**VI-D. Participation of Medicaid Skilled Nursing Homes in Title XVIII (Medicare)**

Section 588 requires all skilled nursing homes receiving Title XIX (Medicaid) payments to be certified for Title XVIII if the facility exceeds 100 beds. Facilities of less than 100 beds would be required to be Title XVIII certified, dependent upon: the availability of Title XVIII beds in the area; the effect on the rate if Title XVIII certification is required; and financial and staffing ability of the facility to be Title XVIII certified. This provision is being partially vetoed to require that facilities under 100 beds be required to be Title XVIII certified based on rule. This change would allow the department the flexibility to include criteria in addition to the three in the bill, for determining which facilities of less than 100 beds must be certified as Title XVIII facilities and to assure that the freedom of choice required in federal regulations is met.

**VI-D**

**SECTION 588: Statute 49.45 (6m) (g)**

~~49.45 (6m) (g) Reimbursement under this section to skilled nursing facilities subject to this paragraph shall not include the cost of care reimbursable under Title XVIII of the social security act for persons eligible for Title XVIII benefits. Title XIX recipients shall not be liable to incur such costs. All skilled nursing facilities with 100 beds or more shall be certified, in whole or in part, for Title XVIII. The department shall determine the need for Title XVIII certified skilled nursing beds in each designated health service area in Wisconsin under P.L. 93-641, based on the potential Title XVIII recipients and the availability and location of Title XVIII certified beds in the area. If the department determines that the number of such beds in any such area is insufficient to meet the need, and if the skilled nursing facilities in the area do not voluntarily agree to become certified to meet the need, the department may, by rule, require Title XVIII certification, in whole or in part, of facilities having fewer than 100 beds. The rule shall establish categories of facilities according to bed capacity, and shall apportion the needed beds among the facilities according to category. Every attempt shall be made to obtain the required number of beds from facilities in the category having the largest number of beds before apportioning the remainder of the needed beds among categories containing facilities with fewer beds. The department may not renew or issue certification under Title XIX of the social security act for any skilled nursing facility required to be certified in whole or in part, under Title XVIII of the social security act until the facility complies with this requirement. In developing the rule, the department shall take into consideration the effect such rule will have on the overall average daily rate of skilled nursing facilities in the state, and the financial and staffing ability of each skilled nursing facility to be subject to the rule. No reimbursement under this section to any facility subject to the rule may be denied on the basis of this paragraph, nor shall the exemption from liability for Title XIX recipients for such costs be effective until the date of the first issuance or renewal of the facility's certification under Title XIX of the social security act, occurring after the effective date of the rule. No reimbursement under this section to any facility with 100 beds or more may be denied on the basis of this paragraph, nor shall the exemption from liability for Title XIX recipients for such costs be effective until the date of the first issuance or renewal of the facility's certification under Title XIX of the social security act, occurring after the effective date of this paragraph.~~ Vetoed in Part

**VI-E. Public Assistance Recipients' Bill of Rights**

Section 577r creates a Bill of Rights for public assistance recipients. The vetoes which I have made eliminate the expansion of rights beyond those available to the average citizen and eliminates the need to publish the U.S. Constitution and Wisconsin Constitution as administrative rules. However, it retains the codification of essential rights of public assistance recipients.

**VI-E**

**SECTION 577r: Statute 49.001**

~~49.001 Public assistance recipients' bill of rights. The department shall promulgate as an administrative rule, and all public assistance and relief-granting agencies and other persons shall respect, a bill of rights for recipients of public assistance. The bill of rights shall include all rights guaranteed by the U.S. constitution and the constitution of this state, and in addition shall include:~~

- ~~(1) The right to be treated with respect by state agents, including freedom from unwarranted intrusions into personal privacy.~~ Vetoed in Part
- ~~(2) The right to confidentiality of agency records and files on the recipient and freedom from the unwarranted release of such records and files by state or local officials. Nothing in this subsection shall prohibit the use of such records for auditing or accounting purposes.~~ Vetoed in Part

(3) The right to access to agency records and files relating to the recipient, except that the agency may withhold information obtained under a promise of confidentiality.

(4) The right to a speedy determination of the recipient's status or eligibility for public assistance, to notice of any proposed change in such status or eligibility, and, in the case of assistance granted under s. 49.19, 49.46 or 49.47, to a speedy appeals process for resolving contested determinations.

~~(5) The right to obtain living accommodations without being subjected to discrimination because of receiving public assistance.~~

Vetoed in Part

#### VI-F. Community Mental Health Aids

Sections 618m and 619m provide that a limited amount of funds not allocated after the application of the formula, or funds not matched by county funds, shall be reallocated to specific special needs categories. I have vetoed the funding restrictions and also vetoed the specific special need categories.

Any unallocated funds should be available for special needs to increase the department's flexibility to respond to community need. It should not be limited to a specific funding level.

In addition, unallocated funds should not be restricted to selected disabilities or categories. It should be available to meet those needs as determined by the department and should not discriminate against other target groups. The existing language does not allow the funding to be used for alcoholism or drug abuse programs, for example.

### VI-F

#### SECTION 618m: Statute 51.42 (8) (d)

51.42 (8) (d) If any funds appropriated under s. 20.435 (2) (b) and (c) remain unallocated after application of the formula set forth in pars. (a) to (c), such funds shall be distributed by the department to boards established under s. 51.42 or 51.437, or both, between January 1, 1978, and June 30, 1979; the amount so distributed shall not exceed \$2,500,000, of which \$300,000 shall be designated for community care of the developmentally disabled and \$2,000,000 for care of the long-term mentally ill. Not less than \$500,000 of the amount designated for care of the long-term mentally ill shall be for care other than inpatient treatment.

Vetoed in Part

#### SECTION 619m: Statute 51.42 (8) (e)

51.42 (8) (e) If any grant-in-aid funds allocated to match county funds are not claimed, up to \$800,000 of such funds in 1978 and \$250,000 of such funds between January 1 and June 30, 1979, shall be redistributed for the purposes set forth in par. (d) and for the funding of expiring federal grants. Grant-in-aid funds allocated to boards and not spent may be allocated to other boards as the department designates subject to s. 20.435 (2) (b).

Vetoed in Part

#### VI-G. Community Mental Health and Social Services Appropriation

Sections 238m and 246 provide that ninety percent of funds not spent or encumbered by 51 boards and county social service departments shall lapse to the general fund unless transferred to the next calendar year by the Joint Committee on Finance. I have vetoed these provisions because they would severely restrict the department's ability to respond to unanticipated and unusual community needs. Further this policy would provide a direct disincentive to collections at the local level, since any dollars collected would offset expenditures of state funds and this would result in the local agencies lapsing state funds with no possibility of retaining them.

### VI-G

#### SECTION 238m: Statute 20.435 (2) (b)

20.435 (2) (b) Community mental health services. The amounts in the schedule for the provision or purchase of mental health services pursuant to ss. 51.42 and 51.437. Allocation of such fund shall be exclusively determined by the department of health and social services, subject to ss. 51.42 and 51.437. Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the department of health and social services may transfer funds between fiscal years under this paragraph. Ninety percent of funds allocated pursuant to s. 51.42 (2) (b) and not spent or encumbered by boards created under s. 51.42 or 51.437 by December 31 of each year shall lapse to the general fund on the succeeding January 1, unless transferred to the next calendar year under s. 13.10.

Vetoed in Part

#### SECTION 246: Statute 20.435 (4) (df)

20.435 (4) (df) County social services. The amounts in the schedule for reimbursement for county administration of social services under ss. 46.22 (5m) and 49.51 (3) and (4), including foster care under ss. 49.19 (10) and 49.50. Disbursements may be made from this appropriation under s. 46.03 (20). Refunds received relating to payments made under s. 46.03 (20) shall be returned to this appropriation. Counties shall be liable for any share of the disbursements according to the rate established under s. 49.52. The receipt of the counties' payments for their share of the cost of services under s. 46.03 (20) (d) shall be returned to this appropriation. Notwithstanding ss. 20.001 (3) (a) and 20.002 (1), the department may transfer funds between fiscal years. Ninety percent of funds allocated pursuant to ss. 49.52 (3) (d) and (e) and not spent or encumbered by counties by December 31 of each year shall lapse to the general fund on the succeeding January 1, unless transferred to the next calendar year under s. 13.10.

Vetoed in Part

**VI-H. Coordinated Plan and Budget Development**

Sections 543, 544b and 620 outline the coordinated plan and budget process for county social service departments and 51 boards. Portions of these sections provide that counties may appropriate funds outside the approved budget. I have vetoed these provisions.

The Department of Health and Social Services has followed a policy of encouraging counties to develop comprehensive plans and budgets reflecting all sources of funds. Sections 544b & 620 restrict the approved plans and budgets to include only federal and state funds. These plans would be incomplete, because they would not encompass all other sources of funds, such as county funds, collections, private donations, etc. A veto is necessary to ensure that these plans and budgets continue to be a comprehensive document, including all sources of revenue. Otherwise, the restrictions on the sources of funds could result in a dual delivery system, which is neither fully reviewed nor approved by the Department.

Section 543b would require county board approval for geographical groupings for state mandated mental health/social service planning. This could result in a multi-county area submitting a combined mental health plan and budget but separate county social services budgets, defeating the purpose of coordinated budgets.

**VI-H**

**SECTION 543: Statute 46.03 (21) (b)**

(b) The department, after consulting with representatives of mental health hygiene, developmental disability and public welfare or social service services and community human services program directors, shall develop a uniform planning, budgeting and review procedure. The department shall designate the most geographically appropriate grouping of public welfare departments, and mental health and hygiene, developmental disability and community human services programs for coordinated planning and budgeting purposes, and may require the submission of one coordinated plan and budget from each geographical grouping with the approval of the affected county boards of supervisors. The department shall make available such planning, budgeting and review procedures to county agencies by July ~~May~~ 1 of each year.

**SECTION 544b: Statute 46.031 (2) (b) 2.**

2. The department shall review and approve the coordinated plans and budget but shall not approve budgets for amounts in excess of available revenues. Such approval constitutes the approved budget. ~~The county board of supervisors may appropriate outside the approved budget funds not used to match state funds under s. 49.52 (1) and 51.47 (2). The projected use and result expenditure of such county funds shall be reported pursuant to procedures developed by the department, and shall be in compliance with standards guaranteeing quality of care comparable to similar facilities.~~ Vetoed in Part

**SECTION 620: Statute 51.42 (8) (h)**

51.42 (8) (h) Each board established under either ~~s. 51.42 this section~~ or 51.437, or both shall apply all funds it receives under pars. (a) to (d) to provide the services enumerated in ss. 51.42 (5), 51.437 (5) and 51.45 (2) (g) to meet the needs for service quality and accessibility of the persons in its jurisdiction, except that the board may pay for inpatient treatment only with funds designated by the department for this purpose. The board may expand programs and services with county and other local or private funds not used to match state funds under this subsection at the discretion of the board ~~and with other local or private funds subject to the approval of the department. The board shall report to the department all county funds allocated to the board and the use of such funds.~~ Moneys collected under s. 46.10 shall be applied to cover the costs of primary services, exceptional and specialized services or to reimburse supplemental appropriations funded by counties. Boards shall include 100% of collections made by the department under s. 46.10 on or after January 1, 1975, for care in county hospitals, as revenues on their grant-in-aid expenditure reports to the department. Vetoed in Part

**VI-I. Annual Program Budgets**

Sections 560 and 596 provide that county social service departments and 51 boards submit annually a program plan and budget. They also state that the approved plan and budget shall not exceed the available amount of federal or state funds. I have vetoed the provisions pertaining to "federal or state" funds.

The annual plan and budget is a comprehensive document detailing how a county social service department or a 51 board is going to fund the services in their area. If the restrictions are not vetoed, this approved plan and budget could only deal with state and federal revenues and would ignore all other funding sources (local funds, private donations, collections, etc.).

**VI-I**

**SECTION 560: Statute 46.22 (4) (j)**

46.22 (4) (j) To submit annually a program plan and budget in accordance with s. 46.031 for services authorized in this section, except for the administration of and cost of aid granted under ss. 49.02, 49.03, 49.19 and 49.45 to 49.47. The approved plan and budget shall not exceed the available amount of ~~federal or state~~ funds. Vetoed in Part

**SECTION 596: Statute 49.51 (4)**

49.51 (4) ANNUAL PROGRAM BUDGETS. The county agency shall submit annually a program plan and budget in accordance with ss. 46.031 and 46.032 for authorized services in the form and manner prescribed by the department. The approved plan and budget shall not exceed the available amount of ~~federal or state~~ funds. Vetoed in Part

**VI-J. County Liability**

Section 613m states that community mental health boards shall provide for services only to the limits of the state and county appropriations. I have vetoed the provisions relating to these limits.

In accordance with an Attorney General's opinion, counties are responsible for providing the services outlined in the statutes, even if the cost of these services exceeds the limits of the state appropriation.

**VI-J****SECTION 613m: Statute 51.42 (5) (intro.)**

~~SECTION 613m: 51.42(5) (intro.) of the statutes is amended to read:  
51.42 (5) (intro.) Subject to this section and the rules promulgated hereunder, and within the limits of state and county appropriations and maximum available funding from other sources, boards shall provide for: Vetoed in Part~~

**VI-K. Liability of Adult Children for Parental Support**

Sections 631m and 631r would establish an adult children's liability for any dependent parent. A consequence of these provisions would be to place the state out of compliance with federal regulations related to SSI and Title XIX programs. These regulations provide that financial responsibility of any individual for any applicant or recipient must be limited to the responsibility of spouse for spouse and of parents for children under age 21, or blind or disabled.

Because the proposed changes in these sections could result in a loss of \$28 million or more of federal funds, I am vetoing these sections.

**VI-K****SECTION 631m: Statute 52.01 (1) (a)**

~~SECTION 631m: 52.01 (1) (a) of the statutes is amended to read:  
52.01 (1) (a) The parent and spouse and adult children of any dependent person (as defined in s. 46.01) who is unable to maintain himself or herself shall maintain such the dependent person, so far as able, in a manner approved by the authorities having charge of the dependent, or by the board in charge of the institution where such the dependent person is; but no parent shall be required to support a child 18 years of age or older. The requirement to support a parent imposed on adult children under this paragraph shall extend only to the amount of bills in excess of \$200 per year made by a parent or parents to the child within 2 years immediately prior to the parent's application for aid. This paragraph shall apply to all parents, spouses and adult children of dependent persons residing in this state, whether or not such relatives live within this state. Vetoed in Part~~

**SECTION 631r: Statute 52.01 (4)**

~~SECTION 631r: 52.01 (4) of the statutes is amended to read:  
52.01 (4) The county court shall in a summary way hear the allegations and proofs of the parties and by order require maintenance from such relatives, if of sufficient ability (having due regard for their own future maintenance and making reasonable allowance for the protection of the property and investments from which they derive their living and their care and protection in old age) in the following order: First, the husband or wife; then the father, and lastly then the mother, and finally the adult children. Such order shall specify a sum which will be sufficient for the support of such the dependent person, to be paid weekly or monthly, during a period fixed therein, or until the further order of the court. If satisfied that any such relative is unable wholly to maintain such the dependent person, but is able to contribute to the person's support, the court may direct 2 or more such relatives to maintain the person and prescribe the proportion each shall contribute and if satisfied that such relatives are unable together wholly to maintain such the dependent person, but are able to contribute something therefor, the court shall direct a sum to be paid weekly or monthly by each such relative in proportion to ability. Contributions directed by court order, if for less than full support, shall be paid to the department of health and social services and distributed as required by state and federal law. Upon application of any party affected thereby and upon like notice and procedure, the court may modify such the order. Obedience to such the order may be enforced by proceedings as for a contempt. Vetoed in Part~~

**VI-L. Audit Bureau's Audits of Medical Assistance Providers and Organization Receiving More Than 50% of State Funds**

Sections 13r and 13w would permit the Legislative Audit Bureau to audit providers of medical assistance and every organization receiving more than 50% of its annual budget from state funds.

These audits would duplicate audits already required and conducted by state agencies, such as the Department of Revenue and the Department of Health and Social Services. One additional audit by the Legislative Audit Bureau also could cause confusion at the local level. Audits conducted by one state agency can serve as information for other branches of state government.

As these provisions relate to medical assistance, the budget provides an expanded capability for the Department of Health and Social Services and the Department of Justice to audit medical assistance providers and to investigate fraud. The Legislative Audit Bureau's audits of these providers would duplicate these activities and create the potential for a lack of coordination between state agencies in the most complex area of medicaid fraud.

For these reasons I am vetoing the provisions which would permit the Legislative Audit Bureau to audit medical assistance providers and organizations receiving more than 50% of its budget from state funds.

**VI-L**

**SECTION 13r: Statute 13.94 (4) (a)**

~~13.94 (4) (a) In this section, "department" means every state department, board, commission or independent agency; and includes the Wisconsin health facilities authority, the Wisconsin housing finance authority and the Wisconsin solid waste recycling authority, every provider of medical assistance under ch. 49, and every corporation, institution, association or other organization which receives more than 50% of its annual budget from appropriations made by state law.~~ Vetoed in Part

**SECTION 13w: Statute 13.94 (4) (b)**

~~SECTION 13w, 13.94 (4) (b) of the statutes is created to read:  
13.94 (4) (b) In performing audits of providers of medical assistance under ch. 49 and corporations, institutions, associations, or other organizations, the legislative audit bureau shall audit only the records and operations of such providers and organizations which pertain to the receipt, disbursement or other handling of appropriations made by state law.~~ Vetoed in Part

**VII. Agriculture**

**VII-A. Membership of the State Fair Park Board**

Sections 25, 32d and 985d of the budget bill require the Secretary of Agriculture, Trade and Consumer Protection, or his or her designee, to serve on the State Fair Park Board.

It would be a bad precedent to add to the board someone representing a particular interest, given the variety of activities promoted by the State Fair Park. This precedent could create pressure to add members who represent other identifiable constituencies. Also, adding a fourth member to the existing board would make it possible for the board to be deadlocked when tie votes occurred.

At the present time the Secretary, or his or her designee, serves as the nonvoting secretary to the State Fair Park Board. Under this arrangement the secretary has ample opportunity to promote agricultural interests.

This veto would continue the secretary or his or her designee in a nonvoting status. The veto is supported by the State Fair Park Board and the Board of Agriculture.

**VII-A**

**SECTION 25: Statute 15.07 (2) (h)**

~~SECTION 25, 15.07 (2) (h) of the statutes is repealed.~~ Vetoed in Part

**SECTION 32d: Statute 15.135 (1)**

~~15.135 (1) STATE FAIR PARK BOARD. There is created a state fair park board which is attached to the department of agriculture, trade and consumer protection under s. 15.03. The board shall consist of the secretary of agriculture, trade and consumer protection or his or her designee and 3 members appointed to serve at the pleasure of the governor.~~ Vetoed in Part

**SECTION 985d: Statute 93.25 (2)**

~~93.25 (2) The secretary of agriculture shall act basically to advise and coordinate the activities of the state fair park board with the other functions of the department and the secretary or his or her designee shall serve as a voting member of the state fair park board.~~ Vetoed in Part

**VIII. Regulation and Licensing VIII-A. Appropriation Balances for Professional Regulation**

Section 125 requires the unencumbered balance exceeding \$100,000 in the consolidated appropriation for professional regulation in the Department of Regulation and Licensing to revert to the general fund at the end of each biennium. I have vetoed this provision.

It is estimated that at the end of 1977-79 there will be a \$515,000 balance in the professional regulation appropriation. This item veto would allow the department to "carry over" this entire amount to the 1979-81 biennium.

Requiring the lapse of balances in excess of \$100,000 would mean that funds collected from licensees could not be carried over to offset increased program costs, in future biennia, as is permitted of other state activities funded by user fees. By eliminating this prohibition, there will be less frequent requests for fee increases. Of the moneys now collected from licensees, 10% is already transferred to the general fund to "pay" for services financed with general purpose revenue funds which are related to professional regulation activities.

Estimated Fiscal Effect: Reduce GPR by \$415,000 in 1977-79.

**VIII-A****SECTION 125: Statute 20.165 (2)**

20.165 (2) PROFESSIONAL REGULATION. (g) *General program operations.* Ninety percent of all moneys received under chs. 156, 158, 159 and 440 to 459, except s. 440.07, for the licensing, rule-making and regulatory functions of the department. Any unencumbered balance in excess of \$180,000 of the appropriation made under this paragraph shall revert at the end of each fiscal year to the general fund. Vetoed in Part

**VIII-B. Licensing Exams of the Psychology Examining Board**

Section 1556 authorizes the Psychology Examining Board to require all prospective licensees to take an examination on basic and applied psychological science, in addition to the examination on ethics now required. I have vetoed this authorization.

Current statutes authorize the board to require examinations in addition to the ethics exam only to determine the equivalence of qualifying training and experience. Requiring additional exams of all applicants would create an unjustified barrier to entering this profession, which is clearly not in the public interest.

**VIII-B****SECTION 1556: Statute 455.04 (1) (e) and (3)**

~~SECTION 1556, 455.04 (1) (e) and (3) of the statutes are amended to read:~~  
~~455.04 (1) (e) Have passed an examination prepared by the board on ethical issues in the professional practice of psychology written and oral examinations on basic and applied psychological science and ethics as determined by the board. Vetoed in Part~~  
~~(3) The examining board may waive the requirements of sub. (1) (e) and (d) and (e) if a candidate holds a diploma of the American board of examiners in professional psychology or holds a certificate or license of an examining board of some other state or territory or foreign country or province, if the standards of such other examining board are deemed by the members of this board to be equivalent to the standards of this state and like reciprocity is extended to holders of licenses issued by this state. Vetoed in Part~~

**IX. Building Commission****IX-A. State Design and Construction Alternatives**

Sections 8 and 87a delete the existing statutory provisions which permit the Building Commission to use innovative alternatives to conventional design and construction. Elimination of this authority would deny the state the opportunity to use, for example, the design/build alternative for GEF II and GEF III. Design/build for these two buildings is estimated to be at least \$2 to \$3 million cheaper per building than conventional construction.

In addition, if design/build cannot be used for the Madison office buildings, the resulting years' delay in construction will cost another million dollars, because of price increases and extension of leases. These cost increases could make any new construction prohibitive, when compared to costs of continued leasing.

The design/build procedure allows for competitive bidding on performance standards in the sizes, and provides an incentive to architects/engineers to keep the costs down because they are members of the team involved in the competitive bidding process. It is time that the public sector takes advantage of a device successfully used in the private sector for well over ten years.

Therefore, I have vetoed these provisions to let the state use the best and most economical building procedures available.

**IX-A****SECTION 8: Statute 13.48 (19)**

~~SECTION 8, 13.48 (19) of the statutes is amended to read:~~  
~~(19) (19) (19) LEASE. LEASE PURCHASE. Acquisition of a state facility. Whenever the building commission determines that the use of innovative types of design and construction processes will make better use of the resources and technology available in the building industry, the commission may lease any or all of the facility, if such action is in the best interest of the state and if the matter is accomplished through forced action of the commission. The commission may authorize the lease, lease purchase or acquisition of such facilities constructed in the manner authorized by the commission. The commission may also authorize the lease, lease purchase or acquisition of existing facilities in lieu of state construction of any project enumerated in the authorized state building program. Vetoed in Part~~

**SECTION 87a: Statute 16.855 (1)**

~~SECTION 87a, 16.855 (1) of the statutes is amended to read:~~  
~~16.855 (1) The department shall let by contract to the lowest qualified responsible bidder all construction work when the estimated construction cost of the project exceeds \$50,000, except as provided in s. 13.48 (19). In the absence of compelling reasons to the contrary, preference shall be given to Wisconsin-based firms. Vetoed in Part~~

**X. Other**

*X-A. Community Development Fund*

Section 324 increases the local matching requirement for Community Development Fund grants from 20% to 50%. If a 50% local match is required, the Community Development Fund may likely become a supplement to projects which would have been undertaken without financial assistance for the state, rather than a source of funding for innovative projects which have transferrability from one jurisdiction to another. The recommended partial veto retains the provision in current law for a required 20% local match, thus continuing to provide financial incentive for local governments to undertake projects which are of benefit to their jurisdictions as well as to the state as a whole.

**X-A**

**SECTION 324: Statute 20.545 (1) (b)**

20.545 (1) (b) *Community development grants.* Biennially, the amounts in the schedule for the purposes of s. 22.13 (2) (n), improving and strengthening local governments throughout this state. The appropriation under this paragraph is allocated to the department for grants to local units of government, subject to the approval of the local governing body. Activities eligible for funding hereunder under this paragraph include, but are not limited to, establishing local capability to determine priorities including policy review, administration and evaluation for the use of state or federal aids; improvement of management and productivity capabilities relating to the administration of local governments; facilitating the implementation of voluntary cooperation between 2 or more local governmental units leading toward improved and efficient service delivery; and providing training opportunities to local governmental personnel for these purposes. It is the intent of the legislature that approved projects shall be of sufficient size and scope to provide models which may be utilized by local units of government in other parts of the state, but no funds may be utilized to supplant funds otherwise committed to the project. Prior to accepting grant applications, the department shall establish parameters for evaluating applications, such as ~~the parameters to shall be approved by the joint committee on finance. No grant made under this paragraph after the effective date of this act (1977) may exceed 80% [80%] 50% of the cost of any activities funded under this paragraph.~~ Vetoed in Part

*X-B. Pipeline Condemnation by Counties*

Section 468m of the budget bill would prevent a county from exercising full condemnation powers for land to be used as a pipeline. A county could acquire an easement, but it could not acquire complete ownership of the land. This provision was apparently designed to prevent land from being condemned for one purpose (pipelines) and later being used for another (snowmobile trails). I have vetoed this change so that counties will continue to be able to condemn land for pipelines.

Without this veto, counties may be prevented from providing basic services requiring pipelines. In addition, the flexibility of cities, towns and villages in cooperating with counties to provide such services would be reduced. The laws concerning condemnation are extremely complex and ought not be changed until all the consequences changes are clearly understood. However, the concern over the ability of governmental and corporate bodies to condemn land for one purpose and then use it for another purpose several years later is a serious one. The Legislature Council has begun a study of Wisconsin's condemnation laws and is the proper body to examine these questions. A comprehensive approach to condemnation law is preferable to piecemeal amendments.

**X-B**

**SECTION 468m: Statute 32.03 (6)**

~~SECTION 468m 32.03 (6) of the statute is created to read: Vetoed in Part  
32.03 (6) The general power of condemnation conferred in this chapter does not extend to condemnation by a county acting exclusively or jointly with a town, city or village under s. 30.083 (1) of any property for the purpose of installing a pipeline unless such condemnation is of a limited interest.~~

*X-C. Out-of-State Travel*

Section 1629g would restrict some out-of-state travel in 1977-79 to 75% of the level in 1973-75. All elected officials, except the superintendant of public instruction, would be exempt from the restriction. I have vetoed this restriction for several reasons.

First, due to the effects of inflation, the restriction actually represents about a 50% cut in affected travel. There is no evidence to suggest that any significant across-the-board cut is necessary, to say nothing of a 50% reduction.

Second, the restriction will severely penalize state agencies which conduct essential, revenue-producing outofstate activities. The relatively modest savings produced by this restriction will in fact be more than offset by a substantial loss in general fund revenue. For example, revenue from out-of-state corporate audits by the Department of Revenue could decline by \$5.3 million under this restriction.

Third, the restriction ignores the fact that since 1973-75 important new programs have been established or expanded. The Department of Business Development's recruiting efforts would be

drastically affected by this cut. So would a new program for the Commissioner of Securities which was approved elsewhere in the budget. Because such programs were not in effect in 1973-75, this restriction would be totally unrealistic.

Fourth, in addition to exempting travel by most elected officials, all non-GPR travel is exempt. It is not likely that the dividing line between wasteful and productive travel in state government coincides with the exemptions so established.

**X-C**

**SECTION 1629g: Statute Session Law**

~~SECTION 1629g. *Out-of-state travel.* As part of its responsibilities under section 16.01 of the statutes, the department of administration shall, upon the effective date of this act, ensure that for the 1977-78 and 1978-79 fiscal years individual agency total general purpose revenue funded expenditures for out-of-state travel do not exceed in either year an amount equal to 75% of that agency's actual general purpose revenue expenditures for out-of-state travel for business, conference and training purposes in either fiscal year 1973-74 or 1974-75, whichever was greater, as determined by the department of administration. Notwithstanding any other law, no claim for payment of travel expenses shall be processed by the department of administration which would result in an agency exceeding the maximum expenditure amount allowed under this section. Notwithstanding any other law, the department of administration shall require all departments and agencies during the 1977-79 biennium to submit to the department the amounts budgeted and the amounts expended for out-of-state travel and for in-state travel separately identified from each other and from other types of expenditures. Notwithstanding any other law, the department of administration shall require all departments and agencies to submit budget requests for the 1979-81 biennial budget with out-of-state travel and in-state travel separately identified from each other and from other types of expenditures. In this section, "agency" does not include the legislature, courts or offices of the governor, lieutenant governor, state treasurer, attorney general or secretary of state. Vetoed in Part~~

**X-D. Legislative Allowances**

Section 6mg repeals the expense allowance for the state legislators during months when the Legislature is in actual session for 3 days or less. Senators are reimbursed \$75 per month and representatives are reimbursed \$25 per month. The allowance which has been frozen since 1973, is intended to reimburse legislators for costs incurred servicing their constituents during periods in which they spend a substantial amount of time in their districts, thus not having the resources of their Capitol offices.

I am vetoing the repeal of the allowance because of the detrimental effect it could have on the ability of legislators to serve their constituents. I would urge the Legislature to develop a comprehensive and equitable program for reimbursement for legislative constituent service costs; until that time, repeal of the allowance appears premature.

**X-D**

**SECTION 6mg: Statute 13.123 (2)**

~~SECTION 6mg. *13.123(2) of the statutes is repealed.* Vetoed in Part~~

**XI. Executive Branch Structure**

(The following two vetoes are made at the request of my successor to insure an orderly transition and to provide an organizational framework consistent with his priorities.)

**XI-A. Department of Industry, Labor and Human Relations**

Section 1657(22) would make the reorganization of the Department of Industry, Labor and Human Relations effective January 1, 1978. The veto which I am making would make the reorganization effective immediately. A related transitional provision in section 1655(22) (a) is also being vetoed.

There are a variety of policy issues which will be facing this department in the next several months which require that the new secretary be appointed and be able to deal with these issues.

**XI-A**

**SECTION 1655 (22) (a) 3: Statute Session Law**

~~3. All rules of the industry, labor and human relations commission and all rules of the department of industry, labor and human relations in force on the effective date of this act shall remain in force until modified or rescinded by the department. The commission may modify, rescind or promulgate rules prior to the effective date specified under SECTION 1657 (22) (a) of this act to the extent permitted under this act after such effective date, but such date may not be effective prior to such effective date. Vetoed in Part~~

**SECTION 1657 (22) : Statute Session Law**

~~(22) *INDUSTRY, LABOR AND HUMAN RELATIONS (a) Federal reorganization.* The provisions of sections 16.197 (1)(a), (b), (c) and (d), 16.22, 16.221 (2), 16.227 (1) to (4), 16.241, (b), (c) and (d) and (e), 16.209 (2) (a)(i), (ii) and (a), 16.24 (2), 16.247 (1), 20.221 (4), (e), (f) and (g), 16.07 (1), 16.31, 16.42 (2) (a)(i), 101.01 (1) (b), (c) and (d), 101.02 (3) (b) to (f), 101.03 (a), (b) and (c) and (b) and~~



~~(2) SUPERVISOR. The secretary may appoint a highway safety coordinator to supervise the highway safety program.~~

~~(3) COUNCIL ON HIGHWAY SAFETY. The council on highway safety shall confer with the secretary on matters of highway safety and with respect to the functions of the secretary and shall advise the secretary on such matters. The council shall meet with the secretary at least once each quarter.~~

~~(4) INFORMATION, REPORTS, RECOMMENDATIONS. The secretary shall furnish all information requested by the governor or by any member of the legislature, and shall report biennially in accordance with s. 15.04 (4), including therein a report relating to the implementation of the comprehensive highway safety program in this state. This report shall include but not be limited to:~~

~~(a) Current statistical information on motor vehicle accidents, injuries and deaths and their related causation factors.~~

~~(b) The implementation of highway safety performance standards promulgated by the state or federal government.~~

~~(c) A general accounting of all state or federal funds expended in implementing the comprehensive highway safety program.~~

~~(d) Recommendations for additional legislation, programs and funds necessary for the effective implementation of a comprehensive highway safety program.~~

~~(5) BICYCLE RULES. The department shall publish literature setting forth the state rules governing bicycles and their operation and shall distribute and make such literature available without charge to local enforcement agencies, safety organizations, schools and to any other person upon request.~~

Vetoed in Part

**SECTION 1655 (43) (bc) and (g): Statute Session Law**

~~(bc) Highway safety coordinator. If the governor approves a reorganization proposal to establish the internal reorganization of the department of transportation under s. 15.02 (4) following enactment of this act, the position of highway safety coordinator as provided under s. 25.07 (2), as created by this act, in the department, as reorganized, shall be designated in the unclassified or classified service by the secretary of transportation. Every such designation in the classified service shall be subject to approval by the director of the bureau of personnel. The highway coordinator position, if designated in the unclassified service, shall be assigned to an executive salary group under s. 20.923 (4), (b) by the secretary of transportation. The authority of the secretary of transportation under this section shall terminate as soon as the secretary has made the designation, if the designation is in the unclassified service, or as soon as the director of the bureau of personnel has approved the secretary's designation, if the designation is in the classified service.~~

Vetoed in Part

~~(g) Property personnel. All property records and personnel of the division of highway safety coordination in the executive office are transferred to the department of transportation.~~

Vetoed in Part

**XII. Technical/Minor Policy Ideas**

**XII-A. Federal Revenue Sharing Audit Reports**

Sections 703 and 704 require local governments to file copies of federal revenue sharing audit reports with the state. This provision has been removed because the additional work and cost that it would generate at the local level does not appear to be justified. The proposal had originally been considered for inclusion in the executive budget proposal but was not included in the final set of recommendations. However, the language was inadvertently inserted into the budget.

**XII-A**

**SECTION 703: Statute 66.041**

SECTION 703, 66.041 of the statutes is ~~repealed~~ and amended to read:

Vetoed in Part

~~66.041 (1) Notwithstanding any other provision of the statutes statute, the governing body of any county, city or village or town may require or authorize a financial audit of any municipal activity, including any or county officer, department, board, commission or function or activity financed in whole or part from municipal or county funds, or where if any portion of the funds thereof are the funds of such county, city or village or town. The governing body may likewise require submission of periodic financial reports by any such officer, department, board, commission or function or activity.~~

**SECTION 704: Statute 66.041 (2)**

SECTION 704, 66.041 (2) of the statutes is ~~repealed~~ and amended to read:

~~66.041 (2) One copy of the report on each audit required by section 9 of P.L. 94-488, except reports of audits conducted by the department of revenue, shall be submitted within 30 days after receipt of the report by the clerk of each county, city, village or town.~~

Vetoed in Part

**XII-B. Transportation Commission Staff**

Section 1655(43) (am) sought to provide the Transportation Commission with a staff separate and independent of the Department of Transportation. However, the language in the bill could be interpreted to exclude all existing department employes from ever being employed by the commission. I have partially vetoed this section to preserve the intent that the commission should have its own staff but clarify that the commission may choose to employ persons who are now employed by the Department of Transportation.

**XII-B**

**SECTION 1655 (43) (am): Statute Session Law**

(am) *Independent commission.* It is hereby declared to be the purpose and policy of the legislature to create a transportation commission independent of the department of transportation. The commission's staff shall be employed by it only, and no employee of the department shall be employed by the commission. The commission shall adopt such rules and practices as are necessary to maintain the integrity and separate function of the commission's staff and to avoid involvement of commission's staff in departmental investigations and receipt of any reports, documents or other information from the department without benefit of public notice or hearing. Vetoed in Part

**XII-C. Reference to the All-Mode Program**

Section 1343 retains a reference to the all-mode program originally proposed by the Department of Transportation. I have eliminated this reference because this program was eliminated by the Legislature.

**XII-C**

**SECTION 1343: Statute 195.199 (5)**

(5) To the extent that the costs of acquiring abandoned property under this section cannot be properly charged to other appropriations, the department may expend moneys for that purpose from appropriations available for the all-mode transportation program under s. 85.08. Vetoed in Part

**XII-D. Technical Error in Cost Control Language**

Section 1126 makes various changes in cost control language for school districts. A technical error was made in eliminating the mandatory nature of adjustments by the state superintendent to reflect the treatment of receipts within school budgets. I have vetoed this error in order to return this language to current language and the intent of my earlier recommendation.

This veto has no fiscal effect.

**XII-D**

**SECTION 1126: Statute 121.91 (5m)**

121.91 (3) ~~[(a)]~~ After determining that it has reached the maximum amount allowable for its budgeted controllable cost under sub. (1) or (2) this section, a school board district may file a request with the state superintendent for an adjustment of its prior controllable cost per member for the previous school year per pupil shared cost, along with such evidence as required by the state superintendent. The state superintendent may adjust the prior year per pupil shared cost of the school district for the purpose of computing the allowable shared cost budget authorize such an adjustment, if supported by clear, convincing and substantial evidence for any of the following:

- ~~1.]~~ [1.] A cost that was payable in the prior previous school year, but paid in the current school year, and only where costs payable in the current school year are not retroactive obligations.
  - ~~2.]~~ [2.] A receipt received in the current school year which was receivable in the prior previous school year.
  - ~~3.]~~ [3.] A change in the classification of receipts and expenditures disbursements that is uniformly applied to all districts.
- ~~[(b)]~~ [(b)] Any decision by the state superintendent under this subsection shall be supported by clear, convincing and substantial evidence.

~~The state superintendent shall initiate an adjustment of the prior year per pupil shared cost in order to carry out par. (a) 2.]~~ [The state superintendent shall initiate an adjustment of the prior year per pupil shared cost in order to carry out par. (a) 2.] Vetoed in Part

**XII-E. State Laboratory of Hygiene**

Section 1630 requires the Board of Regents of the University of Wisconsin to submit a report on the State Laboratory of Hygiene by November 1, 1977.

The purpose of this date was to ensure that the report be available for consideration in preparing the annual review budget bill. The University has committed itself to submitting the report in time for the annual review consideration, but it believes the November 1 date is too restrictive. I have therefore vetoed this date.

**XII-E**

**SECTION 1630: Statute Session Law**

SECTION 1630. *State laboratory of hygiene.* The board of regents of the university of Wisconsin system and the secretaries of health and social services and natural resources or their designees shall submit to the governor and the legislature by November 1, 1977, a report on the state laboratory of hygiene. The objective of the report shall be to clearly identify the mission of the laboratory as it relates to public health. The report shall propose an appropriate fee structure to make the laboratory self-supporting and may propose other alternatives. The report shall identify the actual costs of all the services and resources provided by the laboratory to other state agencies. The report shall also aggregate the laboratory's activities as instruction, research, public service and other; and delineate the workload and budget associated with each category. Potential sources of federal reimbursement for activities of the laboratory and an estimate of the annual dollar amounts which the state should receive shall be identified. Vetoed in Part

**XII-F. Spark Arresters on Locomotives**

Section 448b provides that locomotives must be equipped with spark arresters that meet standard "5100-1a" enumerated by the U.S. Forest Service or the standards set by the Society of Automotive Engineers. The section goes on to specify the responsibilities which railroads and their employes have in examining and maintaining spark arresters. I have vetoed the references to the specific standards for spark arresters. The effect of the veto is to give DNR the authority to set standards.

According to federal officials the standards cited in SB 77 are not appropriate to cite in legislation because of the rapidly changing technology in the area. Furthermore, federal spark arrester standards for locomotives are now in the final stages of being adopted, so there is no enumerated federal standard which can be referenced. Consequently, the DNR Board should have the authority to adopt standards. This will allow time for finalization of federal standards and enable state standards to conform to federal standards and permit state standards to conform to federal guidelines if deemed appropriate. Further, it will allow for public involvement in the formulation of standards through the DNR public hearing process.

A second provision that causes problems which the Legislature will need to address involves the liability of railroad employes in examining locomotive spark arresters and reporting fires caused by their trains. Under present law liability in these areas can be up to \$500 against the railroad. The changes in SSA 2 increased this possible corporate liability to \$1,000 and created liabilities for individual violations of both of these responsibilities. However, the individual liability was intended to apply only to employe responsibility in reporting fires caused by the train, not in connection with examining spark arresters. Because this problem cannot be solved through an item veto, remedial legislation should be introduced that will limit the individual liability specifically to the responsibility of reporting forest fires.

**XII-F****SECTION 448b: Statute 26.20 (2)**

26.20 (2) SPARK ARRESTERS ON LOCOMOTIVES. All road locomotives operated on any railroad shall be equipped with spark arresters that meet or exceed minimum performance and maintenance standards enumerated by the U.S. department of agriculture forest service in standard 5100-1a or by the society of automotive engineers in their practice regarding spark arresters. The superintendent of motive power or equivalent officer of each railway shall designate an employe of the railway at each railway division point and roundhouse who shall examine each locomotive and its spark arrester each time the locomotive leaves the railway division point or roundhouse and the designated employe and his or her employer shall each be held responsible for complying with this subsection.

Vetoed in Part

**XII-G. Medical Examination Assignability**

Section 1577, through a drafting error, incorrectly referenced Section 632.72 of the Statutes regarding medical assistance assignment provisions. I am vetoing this reference to correct this drafting error.

**XII-G****SECTION 1577: Statute 632.71**

~~SECTION 1577: 632.71 of the statutes is amended to read:~~  
~~632.71 Excluded from medical examination, assignability and change of beneficiary. Sections Except as provided in 632.72, 632.47 to 632.50 apply to health and disability insurance policies.~~

Vetoed in Part

**XII-H. Legal Representation in DILHR Reorganization**

Sections 1042 and 1044 deal with legal representation in unemployment compensation appeals. They repeal the word "department" and replace it with the word "commission" which has the apparent effect of requiring all attorneys in the department's unemployment compensation unit be employees of the Commission. This was not intended, nor would it be appropriate, because only a portion of their responsibilities is to represent the Commission in unemployment compensation appeals. My vetoes will have the effect of restoring the intended relationship of attorneys as employees of the Department.

It should be noted that this in no way affects the attorneys who were intended to be employees of the commission.

**XII-H****SECTION 1042: Statute 108.09 (7b)**

108.09 (6) (c) Within 14 days after expiration of the right of the parties to request a hearing by an appeal tribunal or to petition for review by the commission, or within 28 days after a decision of the commission was is mailed to the parties, the commission may on its own motion reverse, change, or set aside the determination or decision, on the basis of evidence previously submitted in such case or it may order the taking of evidence as to such matters as it may direct and thereafter make its findings and decision for further consideration or remand the case to the department for further proceedings.

(7) (a) Either party may commence judicial action for the review of a decision of the commission under this chapter if the party after exhausting the remedies provided under this section if the party has commenced such judicial action in accordance with s. 102.23, 1971 stats., within 30 days after a decision of the commission was is mailed to his a party's last-known address.

(b) Any judicial review under this chapter shall be confined to questions of law, and the provisions of ch. 102, 1971 stats., with respect to judicial review of orders and awards shall likewise apply to any decision of the commission reviewed under this section. Any In any such judicial action may be defended, in behalf of the commission, may appear by any qualified attorney who is a regular salaried employee of the department [department] commission and has been designated by it for this purpose, or at the commission's request by the department of justice. Vetoed in Part

**SECTION 1044: Statute 108.14 (3m)**

(3m) In any court action to enforce this chapter the department [department] commission and the state may be represented by any qualified attorney who is a regularly salaried employee of the department or the commission and is designated by it for this purpose or at the commission's request by the department of justice. In case the governor designates special counsel to defend, in behalf of the state, the validity of this chapter or of any provision of Title IX of the federal Social Security Act social security act, the expenses and compensation of such special counsel and of any experts employed by the department in connection with such proceeding may be charged to the administration fund. Vetoed in Part

*XII-I. MMIS Approval*

Section 1625t specifies the dollar amount of funds allocated for a Medicaid Management Information System. The dollar figures in this section are incorrect and therefore I have vetoed them. The correct figures are \$283,600 in 1977-78 and \$237,700 in 1978-79.

**XII-I**

**SECTION 1625t: Statute Session Law**

SECTION 1625t. Medicaid management information system. Of the amounts appropriated under section 20.435 (8) (a) of the statutes, as affected by the laws of 1977, \$283,600 in 1977-78 and \$237,700 in 1978-79, and of the amounts appropriated under section 20.435 (8) (m) of the statutes, as affected by the laws of 1977, \$316,900 in 1977-78 and \$278,000 in 1978-79 is provided for development of a medicaid management information system. Funds for this purpose shall require the approval of the joint committee on finance prior to release. Vetoed in Part

*XII-J. Permanent Personal Property Definition*

Section 84 defines property which costs \$100 or more and has a life of two or more years as permanent personal property. I have vetoed the \$100 or more restriction.

Consistent with budget and generally accepted accounting procedures, permanent personal property should be classified based on estimated life only, not dollar value. Otherwise, certain assets could be inappropriately considered current expenditures and not capital assets.

**XII-J**

**SECTION 84: Statute 16.70 (3)**

16.70 (3) The words "permanent "Permanent personal property" include furniture and furnishings, typewriters, calculating, numbering and adding machines, apparatus, library and other books, motor vehicles, machinery and equipment, and means any and all property which in the opinion of the secretary will cost \$100 or more and have a life of more than one year 2 years. Vetoed in Part

*XII-K. Supervision of Children in State or County Facilities*

Section 1072r deletes the requirement that school boards must submit information on special education in state or county facilities located in their districts. The budget bill places the responsibility for the education of handicapped on the state or county facilities that serve them. This responsibility is retained and is not changed by my veto. However, this does not exempt the Department of Public Instruction from their supervisory responsibility under federal law. For this reason, I have vetoed the repeal of this section of the statutes.

**XII-K**

**SECTION 1072r: Statute 115.85 (1) (c)**

~~SECTION 1072r: Statute 115.85 (1) (c) of the statutes is repealed. Vetoed in Part~~

*XII-L. Uniform Foster Care Rates*

Section 1625c specifies an amount of funds for a special parenting component for multiple-child homes and for the care of older children. I have vetoed the specific funding designations.

The supplemental rate portion of the uniform foster care rates will include additional payments to foster parents who care for more than 2 foster children or care for older foster children. Since the number of cases which would qualify for this additional special parenting is not known, it is impossible to determine what the appropriate amount of funds should be. Further, it is not possible to appropriate the

exact amount of federal money since the amount of federal money that will be generated by the uniform foster care rate is not known.

For these reasons, a specified sum may create unintended problems. I have asked the Department of Health and Social Services to report to the Joint Committee on Finance in the event this specified sum might need to be exceeded.

## XII-L

### SECTION 1625c: Statute Session Law

SECTION 1625c. **Uniform foster care rates.** The supplemental rate portion of the uniform foster care rates shall include a special parenting component for multiple-child homes and for older children as opposed to infants. ~~Of the amounts appropriated under section 20.435 (4) (d) of the statutes, \$166,700 in 1977-78 and \$333,300 in 1978-79 and of the amounts appropriated in section 20.435 (4) (e) of the statutes, \$71,400 in 1977-78 and \$142,800 in 1978-79 shall be utilized for development of the special parenting components.~~

Vetoed in Part

### XII-M. Section 1122 Facility Reviews

Section 1622m(4) requires that the department terminate its contracts with the United States Department of Health, Education and Welfare for section 1122 facility reviews no later than one year after the effective date of this act. Although it is recognized that the Certificate of Need Program in SB 77 will eliminate the need for the 1122 reviews, it is not absolutely certain that these mechanisms will be in place within one year. Hence, I am vetoing this requirement.

## XII-M

### SECTION 1622m (4) : Statute Session Law

~~(4) CONTRACTS WITH DEPARTMENT OF HEALTH, EDUCATION AND WELFARE. The department of health and social services shall terminate, not later than one year after the effective date of this act, contracts with the U.S. department of health, education and welfare under P.L. 92-603, section 221.~~

Vetoed in Part

### XII-N. Reduction of Library System Aids

Section 526 is intended to clarify the Department of Public Instruction's authority to reduce library system aids if systems fail to meet responsibilities established in state law. This section could confuse intent relative to proration of library aids, because the work "may" is used, yet the language of other sections is that aids are required to be reduced if the statutes are not complied with. For this reason, I have vetoed the underscored material in this section to require the aid reduction if appropriate. This veto has no fiscal impact.

## XII-N

### SECTION 526: Statute 43.24 (3)

~~SECTION 526. 43.24 (3) of the statutes is amended to read:~~  
~~43.24 (3) Annually, the division shall review the reports and proposed service plans submitted by the public library systems under s. 43.17 (5) for conformity with this chapter and such rules and standards as are applicable. Upon approval, the division shall certify to the department of administration, the amount to which each system is entitled under this section, prorating the amount to be paid to each system if the appropriation under s. 20.255 (3) (d) is insufficient to pay the full amount to which each is entitled. Annually on or before December 1, the department of administration shall pay each system the certified amount from the appropriation under s. 20.255 (3) (d). The division may reduce state aid payments when any system or any participant thereof fails to meet the requirements of sub. (2). The division may also proportionately reduce state aids if a system fails to comply with this chapter, with a rule promulgated under s. 23.09 or with the system's own state approved annual program.~~

Vetoed in Part

**Correction of typing error:** In SECTION 47, Statute 15.227 (4), the words "relations a council on worker's" were repeated. The veto corrects the typing error.

(4) COUNCIL ON WORKER'S COMPENSATION. There is created in the department of industry, labor and human relations a council on worker's relations, a council on worker's compensation appointed by the industry, labor and human relations industry review commission to consist of a member or designated employee of the department of industry, labor and human relations commission or the labor and industry review commission as chairman chairperson, 5 representatives of employers and 5 representatives of employees. The commission shall also appoint 3 representatives of casualty insurance companies as nonvoting members of the council.

Vetoed in Part

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