

STATE OF WISCONSIN
Assembly Journal
Eighty-Ninth Regular Session

TUESDAY, June 12, 1990

The chief clerk makes the following entries under the above date:

Bill or Res No. Enrolled No. Publication date
Assembly Jt. Res. 81 ----- 76 ----- June 8, 1990

Sincerely,
DOUGLAS La FOLLETTE
Secretary of State

COMMITTEE REPORTS

The committee on Family Law and Corrections reports and recommends:

Assembly Clearinghouse Rule 86-246

Relating to retraining and decertification requirements and procedures for law enforcement and jail officers.

Objection: Ayes: (8) Noes: (0)

To Joint Committee for Review of Administrative Rules.

SHIRLEY KRUG
Chairperson

EXECUTIVE COMMUNICATIONS

State of Wisconsin
Office of the Governor
Madison

To the Honorable, the Assembly:

The following bills, originating in the assembly, have been approved, signed and deposited in the office of the Secretary of State:

Assembly Bill	Act No.	Date Signed
25, ss (partial veto)-----	366 -----	June 8, 1990
1002 -----	367 -----	June 8, 1990

Respectfully submitted,
TOMMY G. THOMPSON
Governor

COMMUNICATIONS

State of Wisconsin
Department of State
Madison

To Whom It May Concern:

Acts, joint resolutions and resolutions, deposited in this office, have been numbered and published as follows:

GOVERNOR'S VETO MESSAGE

June 8, 1990

To the Honorable Members of the Assembly:

I have approved Special Session **Assembly Bill 25** as 1989 Wisconsin Act 366 and deposited it in the Office of the Secretary of State.

I asked that my Clean Water Fund (CWF) proposal be introduced as a special session item because of the need to ensure state funding for municipal wastewater treatment projects this construction season. As signed, the act establishes the environmental priorities of the wastewater treatment program and will provide for subsidized financial assistance now and into the future.

Under the provisions of the act, general obligation bonds and federal capitalization grants will be used to leverage revenue bonds to provide loans of up to \$729 million to municipalities for wastewater treatment projects and capital cost recovery during this biennium. Designing the CWF as a revolving loan program is consistent with federal law changes and is an efficient use of limited state tax dollars.

While the bill I proposed was generally passed intact, the Legislature added several provisions to the bill that imposed unnecessary restrictions on the CWF program.

I have used my partial veto authority in several places to allow greater flexibility in determining the level of subsidized financial assistance to provide to municipalities in order to achieve the environmental goals of the CWF program and to ensure the long-term viability of the Fund.

I have also used the partial veto to require that financial hardship assistance funding for eligible wastewater projects under the CWF program be allocated according to the environmental priority of the project rather than the relative need for hardship assistance. My veto will maintain the environmental integrity of the program.

Provisions were also added to the bill by the Legislature creating a municipal drinking water grant program to help municipalities achieve compliance with drinking water standards. I recognize the need to assist

municipalities in making capital improvements to comply with the current drinking water standards. However, I am concerned with creating a large grant program at this time since the costs to meet federal standards being developed for over 50 additional substances during the next several years is unknown. Since these costs may be substantial, I believe a revolving loan program is a better mechanism to subsidize municipal costs to meet current and future standards.

I have partially vetoed funding for the grant program, but have retained approximately one-third of the funding to help meet the most severe, immediate needs. My veto will provide \$9.8 million to those municipalities with the highest per capita costs and facing the most serious drinking water supply problems based on human health risk.

I believe Special Session Assembly Bill 25 creates a landmark environmental wastewater treatment program that will serve as a national model and will provide significant benefit to the people of Wisconsin.

Respectfully submitted,
TOMMY G. THOMPSON
Governor

ITEM VETOES

1. Financial Hardship Assistance

Section 94

Section 94 requires the Department of Natural Resources (DNR) to allocate available financial hardship assistance funding for wastewater projects to eligible municipalities based on a system of priority ranking according to the respective need for hardship assistance. I am partially vetoing this section because financial hardship assistance funding should be made available for wastewater projects in eligible municipalities based on the DNR project funding list, which is used to allocate funds to non-financial hardship municipalities. My veto will still provide financial hardship assistance funding for wastewater projects, but allocates the funds according to the environmental need for the project.

2. Well Compensation

Sections 53g and 53h

These sections expand eligibility for reimbursement under the Well Compensation program to include well contamination caused by radium. I am vetoing these sections because the Well Compensation program was created to compensate private well owners for contamination caused by man-made pollutants, such as pesticides, and the need to expand the program to include compensation for naturally occurring substances has not been demonstrated.

3. Interest Rates

Section 90

I am partially vetoing Section 90 in several places as it relates to the percentages of market interest rate for loans under the Clean Water Fund (CWF) program. First, this section requires tier 1 projects to receive a percentage of market interest rate 15 percentage points lower than the percentage of market interest rate for tier 2 projects. I am vetoing the 15 percentage point differential requirement for tier 1 and tier 2 project loan rates because it is unnecessarily restrictive. While the Department of Natural Resources (DNR) may propose a percentage of market interest rate for tier 1 project loans that is 15 percentage points lower than the loan rate for tier 2 projects, environmental and/or financial management considerations in the future may necessitate a change in the percentages of market interest rate that would result in an interest rate differential greater or lesser than 15 percentage points. Second, Section 90 allows the DNR to waive interest rate setting standards contained in the bill when setting percentages of market interest rate if application of the standards adversely affects equity between past and future loan recipients. I am vetoing this section because additional flexibility may be needed in adjusting the percentages of market interest rate to achieve the environmental goals of the CWF program and to ensure the financial well being of the CWF.

Third, this section allows the DNR to request the Joint Committee on Finance (JCF) to modify the percentages of market interest rate established by administrative rule if the percentages of market interest rate cause state water pollution abatement general obligation debt service costs to exceed the interest rate setting standards. While these factors are important considerations, I am partially vetoing this requirement to provide the DNR greater flexibility in determining the conditions under which it may request changes in the percentages of market rate. My veto will still allow the JCF to review requests to modify the percentages of market interest rate but will remove the limitation on making such requests.

4. Minority Underwriters and Financial Advisors

Sections 8, 12, and 14

Sections 8, 12, and 14 require the Building Commission to ensure that at least 6% of the public debt, revenue obligations, and operating notes contracted each year through competitive and negotiated sale be underwritten by minority investment firms and, when contracting for these purposes, that at least 6% of the funds expended for financial advisor services be for the services of minority financial advisors. These requirements are waived if the Department of Administration reports to the Joint Committee on Finance within 30 days of the contract specifying the reasons for not complying with the requirements. I am partially vetoing this language to remove the requirement that the report be submitted

within 30 days after the contract because the language is unworkable for debt contracted through competitive sales. The determination of whether minority participation requirements can be met and the initiation of a report, if necessary, should occur prior to the contracting of debt for competitive sales. My veto clarifies the reporting requirement contained in the bill.

5. Proposals for Underwriting Revenue Bonds - t 1
Section 9

Section 9 requires the Building Commission to obtain at least 3 proposals from underwriters for each negotiated sale of revenue bonds. I am vetoing this provision because it would work to the state's disadvantage as it pertains to negotiated revenue bond sales for the Clean Water Fund (CWF) program. The practice among most issuers of negotiated revenue bonds is to qualify underwriters, through a request for proposals process, for some period of time rather than for each separate issue. The inability to identify an underwriter or group of underwriters which could serve to underwrite a series of CWF revenue bond issues would cause unnecessary delays in the process, inconsistency in the marketing of the bonds, and repeated modifications to the documentation supporting each issue. Any one of these factors could result in delays in funding community projects or increase the cost of funds, both to the state and the participating municipalities.

The state consistently receives many proposals when it seeks to find qualified underwriters for its negotiated bond sales. I believe it is important for the Building Commission to review the qualifications of underwriters on a regular basis and I fully intend to request the Building Commission to regularly solicit underwriter qualifications through the request for proposals process.

6. Interim Financing Reimbursement

Sections 15 [as it relates to s. 20.320 (1)(e)], 16, and 114

These sections create two appropriations, funded at \$500,000 GPR each, to provide reimbursement for net interest and issuance costs for interim financing incurred or renewed between April 1 and September 30, 1990. One appropriation would only be available to communities eligible for financial hardship assistance. The other appropriation would be available to all communities but would give first priority to financial hardship communities. I am vetoing the \$500,000 GPR appropriation that would be available to all communities. Funding for interim financing costs should be limited to communities that have a demonstrated financial need for such reimbursement as

evidenced by meeting financial hardship eligibility requirements.

7. Municipal Drinking Water Grant Program

Sections 35, 53, and 119 (5)

These sections provide \$29.8 million in general obligation bonding authority for the creation of a drinking water grant program for cost share grants to municipalities to assist them in achieving compliance with state and federal drinking water standards. Municipalities are eligible to receive grants for 50%, 75%, or 90% of their capital costs above \$25 per capita, depending on the per capita capital costs. The Department of Natural Resources (DNR) is required to submit a report to the Legislature on the need for establishing a drinking water revolving loan or grant program by January 1, 1991.

I recognize the need to assist municipalities in making capital improvements to comply with the current drinking water standards for 30 substances. However, given that the federal government will be developing standards during the next few years for an additional 53 substances, I believe that a state revolving loan program is a better mechanism to assist municipalities in complying with current and future standards than the grant program added to my Clean Water Fund bill by the Legislature. It is anticipated that the costs to meet future standards will be significant and a revolving loan program would allow the state to recycle loan funds to provide assistance to a greater number of municipalities.

I am exercising my partial veto authority to limit the size of the drinking water grant program by reducing the general obligation bonding authorization level to \$9.8 million. I am retaining language that requires the DNR to allocate grant funds to eligible municipalities based on the severity of risk to human health if sufficient funds are not available to meet all needs. I am vetoing language to limit funding to municipalities with per capita capital costs above \$150. The intent of my digit veto of the bonding authority and the limitation on eligible municipalities is to provide assistance to those municipalities with the highest per capita capital costs and facing the most serious drinking water supply problems based on human health risk.

I am also partially vetoing the report requirements to limit the scope of the study to the need for a revolving loan program and remove the specific date the report is due to the Legislature. Eliminating the report submittal date will allow the DNR to respond to the need for a revolving loan program consistent with federal timetables and standards development.