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☞ Details: Miscellaneous committee correspondence and documents

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

1995-96

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Insurance, Securities and Corporate Policy...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

DRAFT

Governor Tommy G. Thompson
Room 115 E, State Capitol
Madison, WI 53702

Re: Americans for Tax Reform ads regarding Commissioner Musser

Dear Governor Thompson:

As Chairs of the Senate and Assembly Insurance Committees we write with reference to the radio ads currently being run involving Commissioner Musser.

We have had occasion to work with Commissioner Musser on a vast array of legislative issues, as well as interact with her on issues pertaining to both federal legislation and the National Association of Insurance Commissioners (NAIC). She is doing an excellent job.

While our endorsement does not mean that we agree with her all the time...we don't. What we do find is someone who is open, honest, competent, and striving to do the best job possible.

As you well know, as an individual climbs the ladder of success and competence, there will always be critics. That comes with doing a good job. Please don't misconstrue the criticism being leveled at Commissioner Musser as being broad based or reflecting gross incompetence. Our experience has been to the contrary.

As there are ways we can be of additional resource to you, please feel free to call on us.

Cordially,

Senator Dale Schultz, Chair
Senate Committee on Insurance

Representative Sheryl Albers, Chair
Assembly Committee on Insurance,
Securities & Corporate Policy

Text of the advertisement created by the Americans for Tax Reform

{voice of Grover
Norquist}

This is Grover Norquist, president of the Americans for Tax Reform, and we've paid for this message in order to ask Wisconsin Insurance Commissioner Josephine Musser one question: "What are you doing?"

Governor Thompson rejected big government reform schemes like those promoted by you and Bill Clinton.

Ms. Musser, Governor Thompson wouldn't pass your bad health care reform plan. Why are you now running around the country promoting more government control through the National Association of Insurance Commissioners?

Musser's plan will limit choices and raise the cost of health insurance for families, and that's a tax increase.

Taxpayers please call Governor Thompson at (808) 266-1212, and ask him to make Josephine Musser stop promoting the Clinton-like plan.

Bill Clinton got rid of Jocelyn Elders. Now, Governor Thompson should reject Josephine Musser. That number is (608) 266-1212.

Citation

11/13/95 NOERNC A3

Rank(R)

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Database

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11/13/95 News & Observer (Raleigh NC) A3

1995 WL 2692590

The News & Observer Raleigh, NC
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Monday, November 13, 1995

News

The view from the front lines of the Republican revolution
Rob Christensen
Staff Writer

Grover Norquist thinks he knows what 21st century America will look like. And here's a hint: It doesn't involve more government.

In the Norquistian view of the future, there will be no more corporate or farm subsidies. The post office will be a private business. Air traffic controllers will work for private companies. The system of Social Security and Medicare for today's baby boomers will be replaced by a mandatory system of IRAs and medical savings accounts.

Many people - maybe most - will send their kids to private schools with the help of tax money.

State capitals will be responsible for welfare, crime fighting, road and highway construction and many other things that Washington now overseas.

These are not the idle musings of a futurist. Norquist, 38, is one of the chief strategists of the Republican revolution that rocked the country last November.

Norquist's position as founder and president of Americans for Tax Reform, a public advocacy group, doesn't begin to describe his influence in Washington. He is one of Newt Gingrich's top advisers. And he also is one of the organizers of a group of conservatives - ranging from gun advocates to abortion foes - that meets every Wednesday to map strategy.

"Grover Norquist is Tom Paine crossed with Lee Atwater, plus just a soupçon of Madame Defarge," says political satirist P.J. O'Rourke.

Despite his beard, the Harvard-educated Norquist doesn't much look like a revolutionary in his conservative business suits. But he brings a passion and a single-mindedness to spreading the conservative gospel. Norquist was in Raleigh this month to speak to the John Locke Foundation.

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400,000 voters every year to the Grim Reaper.

Norquist, of course, thinks President Clinton is a one-term president. And although he thinks Colin Powell, the former chairman of the Joint Chiefs of Staff, is "a swell guy," he was one of the conservatives who opposed Powell's potential candidacy. "That is not the guy who can run the revolution."

Norquist says his pal Gingrich definitely won't run for president. So who will be in the White House in January 1997? Norquist's best guess is either Bob Dole of Kansas or Phil Gramm of Texas. Either way, Norquist says, it will be the next step in the conservative revolution.

Got a suggestion or just want to talk about Tar Heel politics?
Call Rob Christensen at 829-4532.

--- INDEX REFERENCES ---

KEY WORDS: AMERICANS FOR TAX REFORM; NEWT GINGRICH; GROVER NORQUIST; US

EDITION: FINAL

Word Count: 774

11/13/95 NOBRNC A3

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16TH STORY of Level 1 printed in FULL format.

Copyright 1994 American Political Network, Inc.
Health Line

April 29, 1994

SECTION: THE PLAYING FIELD

LENGTH: 654 words

HEADLINE: AMERICANS FOR TAX REFORM USES "SCARE TACTICS" IN RADIO AD

BODY:

W.S. JOURNAL reports Americans for Tax Reform (ATR), a member of Citizens Against Rationing Health (see AHL 7/2/93), a coalition in favor of medical IRAs, is currently running a radio ad that, as the header suggests, "seek(s) to demonize Clinton's health reform plan." JOURNAL: "The baby's scream is anguished, the mother's voice desperate. 'Please,' she pleads into the phone, as she seeks help for her sick child." Recording: "We're sorry, the government health care center is now closed. However, if this is an emergency, you may call 1-800-Government."

JOURNAL: "Her baby still wailing, she tries it, only to be greeted by another recording." Recording: "We're sorry, all health care representatives are busy now. Please stay on the line and our first available" Mother: "Why did they let the government take over? I need my family doctor back."

JOURNAL: "The only problem with the radio spot ... is that it isn't true. Neither the Clinton health care bill nor any of the alternatives on Capitol Hill would force people to call for government approval before visiting a doctor or rushing to the hospital."

REAX: ATR Pres. Grover Norquist "makes no apologies for the 1-800-Government ad:" "Is it frightening? Yes. Do I think we overstate the case? No." JOURNAL: "Even some of the toughest critics of the Clinton health care proposal, upon hearing the ad, condemn it." Manhattan Institute's Elizabeth McCaughey (see AHL 4/28/94): "I think it's unnecessary to use scare tactics." However, McCaughey "finds all sides of the debate guilty of playing to people's emotions" like the admin. and its supporters, who "recount stories about people who lose their health insurance, get sick and are then financially wiped out." McCaughey: "That's a kind of scare tactic, too." JOURNAL: "Some opponents of the Clinton bill worry that such spurious claims could backfire." Healthcare Leadership Council Pres. Pam Bailey (see AHL 2/8/94): "It becomes all too easy to fault anyone who has legitimate criticism."

GROWING TREND: JOURNAL writes, "Such fear-mongering is rampant as Congress moves forward on compromise health care legislation" and notes recent direct mailings by the American Council for Health Care Reform that warn of jail sentences for buying extra care and ads by Citizens for a Sound Economy that show a "gatekeeper" preventing people from seeing certain doctors

Health Line, April 29, 1994

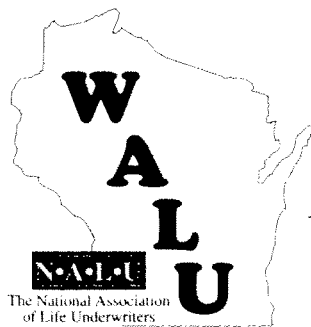
(see AHL 3/9/94). JOURNAL: "None of the health care proposals on the table, including the president's, has a 'government gatekeeper.'" Lewin-VHI's John Sheils: "I don't see anybody going to jail on a liver-transplant rap. They're trying to scare little old ladies." Some of these "horror stories stem from ideological differences ... but clearly there are other motives as well" (Rick Wartzman, 4/29).

LANGUAGE: ENGLISH

LOAD-DATE: April 29, 1994



FEB 9 1996



Wisconsin Association of Life Underwriters

THE ASSOCIATION FOR PROFESSIONAL LIFE, HEALTH AND MULTIPLE-LINE
INSURANCE AGENTS OF WISCONSIN

Legislative Issues Summary

February 1996

Ins File

Susan K. Linck, CAE
Executive Vice President and CEO

State Life Fund: We urge our legislators to support the passage of AB588, a bill that would end the sale of new policies by the State Life Fund 90 days after AB588 becomes law. Wisconsin is the only state to offer such a fund, which puts the State of Wisconsin in direct competition with private enterprise. AB588 does not affect existing policy holders who will continue to receive dividends and the full value of their policy.

Health Insurance Market Reform: WALU endorses the market reforms included in AB416 which passed the Assembly in the fall of 1995. These reforms have been folded into W-2, welfare reform legislation. Extension of the market reforms developed during the last legislative session for the "25 and under" employers providing health insurance to their employees will provide portability and end the need to insure both spouses at their places of employment, (double insurance).

Medical Savings Accounts: We support creation of MSA's as an option consumers can use to manage their health care dollars. We believe the insurance buying public deserves the right to choose the best way for each to finance the costs of their own health care and that MSA's provide additional choice in the system.

NAIC Model Regulation on Life Insurance Policy Illustrations: We support the implementation of these model rules in the State of Wisconsin. Our national association, the National Association of Life Underwriters worked for three years with various other national insurance organizations and the NAIC to craft this model which has broad industry and regulatory support. Proposed rules from OCI to implement the model in Wisconsin will be announced around April 1.

Tort Reform: We thank our legislators who voted for the reforms in tort law, limiting medical malpractice non-economic damages, outlawing the stacking of auto insurance policies, and limiting the responsibility for damages where a party is less than 51% negligent in an accident.

Continuing Education: We endorsed and worked toward mandatory continuing education for insurance agents for a decade. We look forward to a speedy implementation of the rule which became effective January 1. Mandatory CE will give Wisconsin a better educated and more professional agent force whether they are members of our Association or unaffiliated.

For More Information, Contact:

Ronald Kuehn (608) 252-9243
Laura DeGolier (414) 921-4191
Susan Linck (608)233-7085

The Wisconsin Association of Life Underwriters



We are 3,200 career life, health and property/casualty insurance agents across Wisconsin. We are organized into 21 local Life Underwriter Associations and are federated in the National Association of Life Underwriters. Life insurance agents put forth the life and health insurance benefits that protect 180 million U.S. citizens. We provide employee benefits consulting and products to Wisconsin businesses. We provide financial counseling to families and we help individuals prepare for retirement and do estate planning. We offer professional advice to senior citizens about Medicare, Medigap and Long Term Care insurance, facilitate the care of disabled persons and educate the public on important insurance matters. We are insurance professionals.

—
Our
Wisconsin
Matters
—

1995-1996

**A digest of
Life Underwriter
Association community
service programs.**

For forty years, life underwriter associations in Wisconsin have devoted time, talent and dollars to service projects in their local communities. Agents know that the quality of life in our state depends not only on the financial independence of individual citizens, but on all who are able lending a hand today to ensure a better tomorrow.

— We hope you, the reader, will find a project in your community represented among those highlighted in this publication. These programs were selected because they demonstrate individual agent commitment to volunteer service and Life Underwriter organization's dedication to continuous improvement of life in Wisconsin.

— A special salute goes to our Madison and Racine-Kenosha Associations who have won the national Louis Dublin Community Service Hometown Award for sustained commitment to volunteer community service.

— For additional information on agent community service activities in your area, please contact either of us or the Wisconsin Association of Life Underwriters office (608) 233-7085.

— Patrick J. Mongin CLU, ChFC
1995 Community Service Chair
(414) 499-8833

— Danny E. Trotter
1995 President
(608) 365-3201

WAUSAU

Wisconsin Valley Life Underwriters joined forces with other local sponsors in its second annual *McGruff Safe Kids ID Day*. This event raises community awareness of crimes against children and awareness of missing children. The Wausau event has received an award of recognition from the National Center For Missing and Exploited Children.



Members of the Wisconsin Valley Association of Life Underwriters assist officers in finger printing local children and providing information to parents and guardians.

STEVENS POINT/WISCONSIN RAPIDS

S Pulled over for driving safely! It happens in Stevens Point and Wisconsin Rapids and has happened every January for the past seven years. The Central Wisconsin Association of Life Underwriters teams up with local law enforcement authorities for *Crash Free Week*, a week of publicity and fun designed to enhance community awareness of the benefits of driving safely. Attention is drawn to *Crash Free Week* by having law enforcement officers who observe safe driving procedures pull drivers over and reward them with gift certificates donated by local merchants. Each year *Crash Free Week* becomes more popular and generates more participation as both communities vie for a truly *Crash Free Week*.

JANESVILLE

The Southern Wisconsin Association of Life Underwriters, in cooperation with the Rock County Medical Society and Fathers for a Safer Janesville, promotes a gun lock safety program throughout its area. This year, the Association donated money to assist in the purchase of 1,000 gun locks, and helped distribute the locks. The program also provides speakers on gun safety to local organizations.

PLATTEVILLE

Safety Days, a Crawford County-wide program to enhance awareness of basic safety procedures is the community service event assisted by the Southwestern Wisconsin Association of Life Underwriters. Members of the Southwestern Wisconsin ALU assist local law enforcement authorities, including local police and county sheriffs, in presenting farm equipment and bicycle safety instruction to children.

WALWORTH

Members of the Walworth County Association of Life Underwriters are the go-to team for the Christian League of the Handicapped. Each year the League is assisted by members of the Walworth County ALU in a wide variety of projects that need to be accomplished at the League's residential facility for handicapped persons. In past years, this has included wiring the facility for a new telephone system and performing a variety of mechanical and maintenance chores. This year, several members of the Life Underwriters assisted the league in setting up their annual nativity scene in front of their building.



Madison Life Underwriters provide carpentry assistance at their 1995 Habitat for Humanity work day.

MADISON

A perennial highlight of life at the Badger Prairie Health Care Facility in Verona is the visit by Madison Life Underwriter members and their children during the holidays. Members of the Madison ALU help bring the holiday spirit to residents of the facility by hosting a festive Christmas party with singing of Christmas carols, a reading of the Christmas Story, delivery of poinsettias and a variety of Christmas treats for residents. The party is culminated by what else...a visit from Santa Claus! Madison ALU also supports the Olbrich Botanical Gardens and in 1995 participated in a Madison Habitat for Humanity project.

WAUKESHA/MANITOWOC

For many Life Underwriter Associations, Special Olympics is a favorite community service partner. In Manitowoc and Waukesha, volunteers from the Life Underwriter Associations help in many ways, including being official huggers at the finish line of a track meet, keeping score for bowling and other events, and assisting with serving of refreshments and handling equipment and prizes.

WATERTOWN

Youth education is a major focus of many Life Underwriter community service projects. The Rock River Association of Life Underwriters annually sponsors an "Each One Reach One" mentor program to expose troubled students to a positive role model outside of their immediate family. This year, students at Douglas Elementary School in Watertown were paired up with the help of Douglas Elementary's Principal, Kent Jacobson. Life Underwriter members participate in a variety of activities with their individual assigned student. In its second year, Life Underwriters and school personnel hope it will become a model program for schools throughout the state.



Members of the Rock River Life Underwriters pictured above participated in the mentors program at Douglas Elementary School. Left to right: Pat Ebert, Tom Ames, Jeff King, Mike Caughlin, Jerry Vomhof.

GREEN BAY

The Northeastern Association of Life Underwriters, long a leader in community service activities, continues to provide its nationally known SCHIC program; the *Senior Citizens Health Insurance Counseling Program*.

In addition, Northeastern Association of Life Underwriter members provide volunteers to the annual *Big Event for Little Kids*, a fun-filled day of activities to benefit a local non-profit day care.

SHEBOYGAN

Collecting Toys for Tots has become an annual event for this association. Toys are donated by the members and distributed by the Salvation Army.

FOND DU LAC

The business scholarship program sponsored by Fond Du Lac Life Underwriters provides eligible students of 11 area high schools with \$200 one-time scholarships. Funding is made possible by donations from members and area businesses. In 1995, 14 business students were awarded scholarships.

WEST BEND

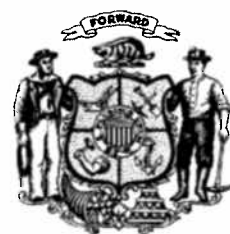
Fundraising support of *Project Hope*, which benefits children who have recently lost a family member has become an annual event for the Ozaukee-Washington Association of Life underwriters. Children in the program attend weekend camp counseling sessions that help them deal with their grief.

RACINE-KENOSHA

The Racine-Kenosha Association of Life Underwriters has an extremely active community service committee with projects ranging from a food drive for the Shalom Center to their annual January blood drive in support of the Red Cross. In 1995, they added their support to Big Brothers and Sisters by managing a Bowl-a-thon fundraiser.



WISCONSIN STATE LEGISLATURE



Committee Files

Issued June 18, 1996
Effective July 1, 1996
Emer. rule

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Securities
State of Wisconsin

NOTICE IS HEREBY GIVEN that, pursuant to sections 551.63(1) and (2) and 551.22(1)(a), Wis. Stats., and interpreting sec. 551.22(1)(a), Wis. Stats., the Division of Securities will hold a public hearing in Room 328 Northwest of the State Capitol in Madison, Wisconsin, at 10:00 a.m. on Wednesday, September 4, 1996 to consider the creation of SEC 2.01(1)(c) 5 and SEC 2.01 (1)(d)5, of the Rules of the Division of Securities relating to designating alternative accounting guidelines for the preparation of financial statements for certain governmental issuers of securities.

Written comments in lieu of public hearing testimony may be submitted which must be received no later than the hearing date and should be addressed to the Administrator of the Division of Securities, 101 East Wilson Street, P.O. Box 1768, Madison, Wisconsin 53701.

Analysis Prepared by the Division of Securities:

Statutory Authority: ss. 551.63(1) and (2) and 551.22(1)(a), Wis. Stats.

Statute Interpreted: s. 551.22(1)(a), Wis. Stats.

SECTION 1. SEC 2.01(1)(c)5 is created to read:

SEC 2.01(1)(c)5 The issuer's annual general purpose financial statements are prepared according to generally accepted accounting principles as provided in subd. 1, except that the auditor's opinion is qualified with respect to the recognition of property tax revenue.

SECTION 2. SEC 2.01(1)(d)5 is created to read:

SEC 2.01(1)(d)5 With respect to par. (c)5, the financial statements are prepared in accordance with generally accepted accounting principles, except that the auditor's opinion is qualified with respect to the recognition of property tax revenue, or equivalent language.

ANALYSIS

These proposed permanent rules are being developed to be in place upon the expiration of identical emergency rules that were issued by Order of the Wisconsin Commissioner of Securities Office on June 18, 1996, and became effective on July 1, 1996 following publication in the official state newspaper and the required filings with the Secretary of State and the Revisor of Statutes Bureau. The proposed permanent rules, as do the emergency rules, adopt an alternative accounting guideline for the

*show of good
will*

preparation of financial statements for certain governmental issuers of securities (principally Wisconsin public school districts and Wisconsin vocational school districts) utilizing the securities registration exemption in s. 551.22(1)(a), Wis. Stats., for purposes of offering and selling their debt securities to public investors in Wisconsin. The alternative guideline created in SEC 2.01(1)(c)5, Wis. Adm. Code, allows an exception to the "full-GAAP" financial statement requirement where the issuer's financial statements are full-GAAP except that the auditor's opinion is qualified with respect to the recognition of property tax revenue (which results from an interpretation by the staff of the Governmental Accounting Standards Board). Wisconsin public school and vocational school district securities issuers having "full-GAAP" financial statements have previously to date been able to sell their debt securities in reliance on automatic use of the registration exemption in s. 551.22(1)(a), Wis. Stats., (without the need for any exemption filing with this Division). Under the new alternative accounting guidelines (which still require "full-GAAP" financials, but allow the auditor's opinion to be qualified with respect to the recognition of property tax revenue item) those governmental securities issuers impacted by the GASB staff interpretation--which in absence of the alternative accounting guidelines in the new rules would have to make filings under Ch. 551--will continue to be able to rely on "automatic" use of the registration exemption of 551.22(1)(a) without the need for any filing with this Division.

The emergency rules adopting the alternative accounting guideline were developed in consultation with representatives of municipal/governmental securities issuers, bond attorneys and public accounting groups who recently informed the Administrator that interpretations by the Governmental Accounting Standards Board ("GASB") through its staff with respect to accounting treatment for property tax recognition may cause many Wisconsin public school districts and vocational school districts to have the audit opinions for their financial statements qualified with respect to the deferral of taxes. The existence of a qualified auditor's opinion would preclude use of the s. 551.22(1)(a), Wis. Stats., registration exemption on a self-executing basis for offers and sales of a school district's debt securities to the public.

*too busy
to have
a hearing*

The specific accounting issue involves interpretation of the current accounting standard for property tax recognition established by the National Council on Governmental Accounting ("NCGA") Interpretation 3 "Revenue Recognition--Property Taxes." The accounting interpretation issue is presented as a result of the interplay of the following two factors: (1) most public school and vocational school districts operate on (and their financial statements are prepared on) a July 1 to June 30 fiscal year; (2) the Wisconsin Statutes authorize the various Wisconsin local units of government to allow the payment of property taxes (which provide the funding for payment of public school and vocational school district debts and obligations) to be made in installments on January 1 and July 31 of a given year (for example 1996) relating to taxes levied (in the 1996 example given) for a school district's fiscal year extending from July 1, 1995 to

*Debt Issues
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7/30/96
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3/2/96

June 30, 1996.

Because the July 31 date for payment of the second property tax installment is after the June 30 fiscal year for the school districts, the staff of the GASB in communications with representatives of Wisconsin accounting organizations and school district associations on the issue, set forth the GASB staff's view that the July 31 tax installment revenues may not be recognized for purposes for fiscal years ending the preceding June 30. As a result, auditors for Wisconsin public school districts and vocational school districts would need to show in such school districts' financial statements, deferred revenue for the July 31 installment property taxes. Despite requests for reconsideration, the GASB staff has not changed its position.

Such GASB staff interpretation has resulted in property tax revenue and fund balance amounts as shown in most Wisconsin school districts' audit reports being different from that required to be shown in such districts' Annual Reports and budget documents, thus causing confusion as to what a particular district's financial position actually is. The State of Wisconsin Department of Public Instruction believes that the GASB staff interpretation, in the context of the Wisconsin statutes governing the timing of property tax levies and payments, does not result in appropriate school district revenue and fund balance financial statement presentations.

As a consequence, Wisconsin public school and vocational school districts may be requesting that their external auditors prepare their district's audited financials without showing deferred revenue for uncollected property taxes--which may result in the auditor issuing a qualified opinion. The issuance of such a qualified audit opinion would preclude use of the s. 551.22(1)(a), Wis. Stats., registration exemption on a self-executing basis for offers and sales in Wisconsin of the school district's debt securities to the public.

GASB refused to go through due process - state sue over the opinion

Therefore, in similar fashion to emergency rule-making action taken by the agency in 1982 and 1994, and for the purpose of alleviating disruption that would occur to the near-term borrowing/bonding plans of governmental school district issuers that regularly claim "automatic" exemption status under s. 551.22(1)(a), Wis. Stats., for the offer and sale in Wisconsin of their debt securities, the Division of Securities, in consultation with representatives of school district issuers, bond attorneys and accounting groups, is adopting these rules designating an alternative-to-full-GAAP financial statement provision to deal with this accounting issue to enable school district issuers to continue to use the exemption in s. 551.22(1)(a), Wis. Stats., on a self-executing basis. Also, this rule-making action is warranted because there is no investor protection securities regulatory purpose served by requiring such school district issuers to make a filing with this agency (for a bond offering they otherwise would make without a filing) solely because of the existence of a one-sentence qualification contained in the

auditor's opinion for the issuer's financial statements.

The rule created in s. SEC 2.01(1)(c)5 designates as a permitted alternative accounting guideline for purposes of use of the registration exemption in s. 551.22(1)(a), Wis. Stats., GAAP, but where the auditor's opinion is qualified with respect to the recognition of property tax revenue. The rule created in s. SEC 2.01(1)(d)5 provides that the auditor's opinion with respect to the financial statements of issuer covered by the rule in SEC 2.01(1)(c)5 must contain language corresponding to the qualification language in SEC 2.01(1)(c)5.

Initial Regulatory Flexibility Analysis

There is no small business impact to these rules because they relate solely to municipal/governmental securities issuers.

The proposed rules will have no fiscal effect on the agency, and a copy of the complete Fiscal Estimate is available upon request to the agency. The proposed rules' effect on local units of government is discussed in detail in the Summary portion of this Rule-Making Hearing Notice.

Contact Person:

Questions regarding the proposed rule may be directed to agency General Counsel Randall E. Schumann, 101 East Wilson Street, P.O. Box 1768, Madison, WI 53701; (608) 266-3414.

DATED at Madison, Wisconsin this 16th day of July, 1996.

[SEAL]



PATRICIA D. STRUCK
Administrator



Davey + John should both lead

Despite significant differences in legislative organization among the states, the committees are the arenas for critical decisions. They control how individual bills are crafted, amended and moved to the larger legislative realm, the floor of the chamber, for a vote by the body.

Committees act as "mini legislatures" with the chair acting as speaker. Contending views are aired, and compromise is facilitated. In those states where the committee has significant discretion, bills are screened and amended. When this is done competently, the legislature as a whole comes to rely on committee work, and the calendar becomes thoroughly manageable. The division of work among the committees also encourages specialization and development of expertise. Members, each with his or her legislative priorities, set the tone and define a culture that is unique to each committee.

Individuals may gain prominence and prestige chairing a committee, depending on the caliber of their product and the consistency and accuracy of substantive content. The committee system broadens the distribution of influence and acts as a healthy, democratizing force. (Of course, this can also act in reverse. If a committee doesn't function, members and leadership may circumvent it, or distance themselves from its legislative product.)

The success of a committee rests squarely with the chair. There are many different paths to that success, and they are not mutually exclusive. For example, there is a natural tension created between the needs to include testimony from numerous viewpoints and to keep the committee on schedule and report bills to the floor. The diplomatic skills of a chair and how he or she handles negotiations and political maneuvering, contribute significantly to the reputation of the chair and the committee.

Five key principles guide the best committee chairs. These principles often are in conflict with each other. Successful committee chairs are able to manage the conflicts and produce legislation that is substantively and technically sound.



To be successful, a chairperson needs a firm hand. Be clear and decisive about your authority and set expectations about what you want to accomplish. Control is more often a function of proficient management than raw power. Management means effectively using available resources. The time and expertise of the staff and the members must be organized and directed. Their respective roles must be defined. Staff can be used to fill gaps in your own knowledge, but it is essential that you acquire significant expertise in your committee's subject areas.

The political part of the task should come most easily to an experienced legislator who becomes a chairman. Frequent communication with staff, lobbyists, members and leaders will create a support base and will prevent any surprises at the meetings. This is how you find out who supports and who opposes a given bill and whether it is likely to become a vehicle for other matters.

Committee meetings are the most visible and public part of the legislative process. The single most important factor for a successful meeting is preparation. A good chair understands the bills, prepares an agenda, consults the members ahead of time, and has a clear idea of direction and outcome. A firm hand means starting on time, framing the issue and getting things done.

*The legislature
in committee is
the legislature
at work.*

—Woodrow Wilson

Ohio Senator Richard Finan, president pro tem and chairman of Ways and Means, says you can't be Mr. Nice Guy and retain control over your committee. His members get a nudge if they ramble on or get off the subject.

"You only need to say, 'Senator, I don't think all that is on today's agenda,'" Finan says. If you do that day in and day out, the word gets out. "Members understand that you're not going to let them run off at the mouth, and people who come in clearly understand that Senator Finan doesn't put up with anything."

Once, the senator says, he had 200 people signed up to testify on a gambling bill. "I gave them two choices. Either name five people who will testify at length, or everybody gets 15 seconds. They chose 15 seconds."

Finan is also a stickler for starting on time. "If you come in 15 minutes late, everyone else will come in 30 minutes late," he says. "I walk in at the given time and bang the gavel, even if I'm the only one sitting there."

Delegate Sheila Hixson, chair of the Ways and Means Committee in the Maryland House, controls her committee by being prepared. She has six pages of rules that "cover every possible situation that could occur." The rules are flexible, but they serve as guidelines when needed. "The most important rule," she says, "is that, in the event of a dispute, the chair is the final arbitrator."

Bob O'Donnell, a Philadelphia attorney and lobbyist, is a former speaker of the Pennsylvania House.

Editor's Note: NCSL is currently developing training materials for committee chairs that will be available late this year. If you have suggestions on topics to be covered or advice, send them to Bruce Feustel in NCSL's Denver office or e-mail bruce.feustel@ncsl.org



In spite of party demands and personal preferences, the chair is expected to play the role of the impartial arbiter. This is especially important in the treatment of public witnesses, who must be shown courtesy and whose views should be given serious consideration. Witnesses and members should know ahead of time what is expected of them—what the “ground rules” are. The minority’s role must be recognized, and member participation encouraged. Parliamentary principles can be used to guarantee a measure of due process, and those standards are more important than a strict adherence to specific rules. These principles include an order of business, an agenda with advance notice to the participants, opportunity for debate, a framed question and a decision by majority. Applied with common sense, these simple rules will save time and effort.

Fairness demands different things at different times. When a bill is first introduced, the committee needs to hear from all sides and the chair must give people some latitude in making remarks. But once all points of view are on the table, you have to move the process along. From then on, a good chair keeps the committee on task and makes sure people speak to the point being considered. A successful chairperson is able to resist when someone tries to take the committee process back to square one.

Minnesota lobbyist (and former legislator) Bill Kelly says a good chairman makes sure that those both inside and outside the process have access to the committee. “There has to be some way for people

to be able to communicate with each other,” he says. Members need to communicate. Minority members and freshmen members need to communicate with the chair and the leaders. They all need access, and so do members of the public. “This is becoming more important in the era of term limits, limited government and limited legislative resources,” he says. “The information exchange between those of us in the private sector and those in the public sector is every bit as vital as it’s ever been and maybe even more so.”

Chairmen need information from the public, says Senator Finan. “Many times testimony produces good ideas that end up being incorporated into the bill. Or you wind up finding that the impact of this carefully crafted and drafted piece of legislation is going to be awful in some real person’s life,” he says.

The institution gains when a chair can be fair to everyone involved in the process, says Arizona Representative George Cunningham, who serves as minority whip in the House.

“Your audience very often includes people from both parties,” he says. “Fairness is desirable because it portrays a positive image of the legislative institution.”

But there’s such a thing as “too much democracy,” Cunningham warns. “The chair has to have the authority to make the decisions on procedures.

When there’s too much democracy, you can’t get anything done. But fairness is, in fact, discretionary, and there is a broad range in which a chair can express his or her fairness to minority members as well as to the audience in general and other players in the process.”

Finan points out that fairness has its limits, and it’s up to the chair to decide where. When a witness getting ready to testify hands you a long written statement, you should ask “You’re not going to read this, are you?” Or when testimony is repetitive, you should ask the witness if he or she has anything new to add to the discussion. “The point is generally understood and time is saved,” Finan says.

Chairwoman Hixson says she has had to ask members of her committee to meet privately with her so she can remind them of their obligations to treat witnesses politely. “It usually takes only one session to get the message across,” she says.



Senator
Richard Finan,
Ohio



Representative
George Cunningham,
Arizona



Delegate
Sheila Hixson,
Maryland



There is no single formula for success as a committee head. Those who are the most effective build on their personal and political strengths. You can emphasize politics or policy, process or results, but you cannot go against

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the grain of who you are. New chairs tend to grow in the job, but always on a foundation of the skills they brought to it. If you are a mediator, don't try to become a power broker. If you are a politician, don't try to become a manager. Make your own assets work for you.

U.S. Senator Sam Nunn of Georgia is a prime example of a master of substance. As the chairman of the Armed Services Committee, he became known for the breadth and depth of his knowledge of the military. His service in the armed forces gave him additional credibility; his inclinations toward fairness and bipartisanship won him respect from both sides of the aisle.

Congressman Dan Rostenkowski of Illinois, a former state legislator, used "politics" to build his leadership style. As chairman of Ways and Means, he was known for his capacity to produce, to reach an end result. His political profile, that of a tough, "don't get in my way" kind of guy, carried through during his tenure as chairman of this powerful committee. His party leadership relied on him to navigate the "ways and means," and left the details and many of the power decisions to him.

U.S. Senator Sam Ervin, a southern gentleman from North Carolina, served as chairman of a special committee during some of the most tumultuous times in modern political history—the Watergate crisis. His firm, even manner, his down-home style, combined with a Harvard education and a strong profile of personal ethics, permitted him to preside over these difficult and momentous events with a "process orientation" that was respected and deeply regarded.

All these men were successful leaders because they used their personal assets to their advantage.



Legislatures deliberate, but, finally, they decide. The committee meets, it listens, it analyzes, it considers, but, ultimately, a bill is moved or killed. The committee chair is an integral part of the leadership team with responsibility for moving the substance of the caucus agenda and, at a minimum, bringing some closure to the first stage of the process. All parties hope for the best, but demand at least some result.

In order to move the caucus agenda, you must understand it. Whether through meetings with leadership, caucus meetings or some informal process, you have to thoroughly understand your marching orders. Sometimes, the key is in knowing what a bill should not address, which is just as important as knowing what has to be included. A good chair needs political savvy and stellar listening skills to grasp the caucus agenda.

Delegate Hixson, who is the first woman to chair a major committee in Maryland, says the bottom line is to get the results that matter to leadership and the majority caucus. "A good chair counts votes and knows how to produce," she says.

Senator Finan says a chair's main responsibility to the caucus is to get essential legislation passed. "You've got to follow the philosophy and do what your caucus deems best on substantive bills," he says.

Sometimes the best way to get results is to use your sense of humor. Senator Finan tells a story about a long, tense hearing on pending

ethics legislation. A woman lobbyist for the Jewish Federation complained that the "no gift" provision was overly restrictive.

"You mean if I was sick, you couldn't give me a jar of your famous homemade chicken soup anymore?" asked Finan.

"Not without a prescription" was the response, and the room broke into laughter. It also paved the way for a \$25 floor in the bill.



A good work product by a committee will earn deference from leadership and on the floor of the chamber. The bulk of most legislation becomes law in the form in which it left committee. Although the floor of the legislature is an excellent place for the great debates of the day, it is difficult to focus expertise and craftsmanship on the language of the legislation at that point. Because of the limited time for reflection, an amendment offered on the floor may solve one problem, but can add new problems or create inconsistencies in the bill. The language of a bill is not mere technicality. As law, it will have an enormous impact on people's lives.

Senator Finan says the committee chair's job is to bring a perfect piece of legislation to the floor. He says he goes "crazy" when a bill gets to the floor and a committee chairman stands up with five amendments. "If that's the way the bill came out of your committee, you didn't do the work in the committee."

Finan recalls a committee chair who brought two bills, consecutively numbered, to the floor the same day. The legislator also brought several floor amendments for each bill. The legislator then mistakenly put the amendments into the wrong bill. The end result was that neither bill passed. "Good committee work would have saved the day," Finan says.

Once a bill hits the floor, the adoption of even one or two amendments can change things instantly. The opponents of the measure gain new life. They see opportunities to make further inroads in the bill. From the chairman's perspective, it is critical to turn out a polished product.

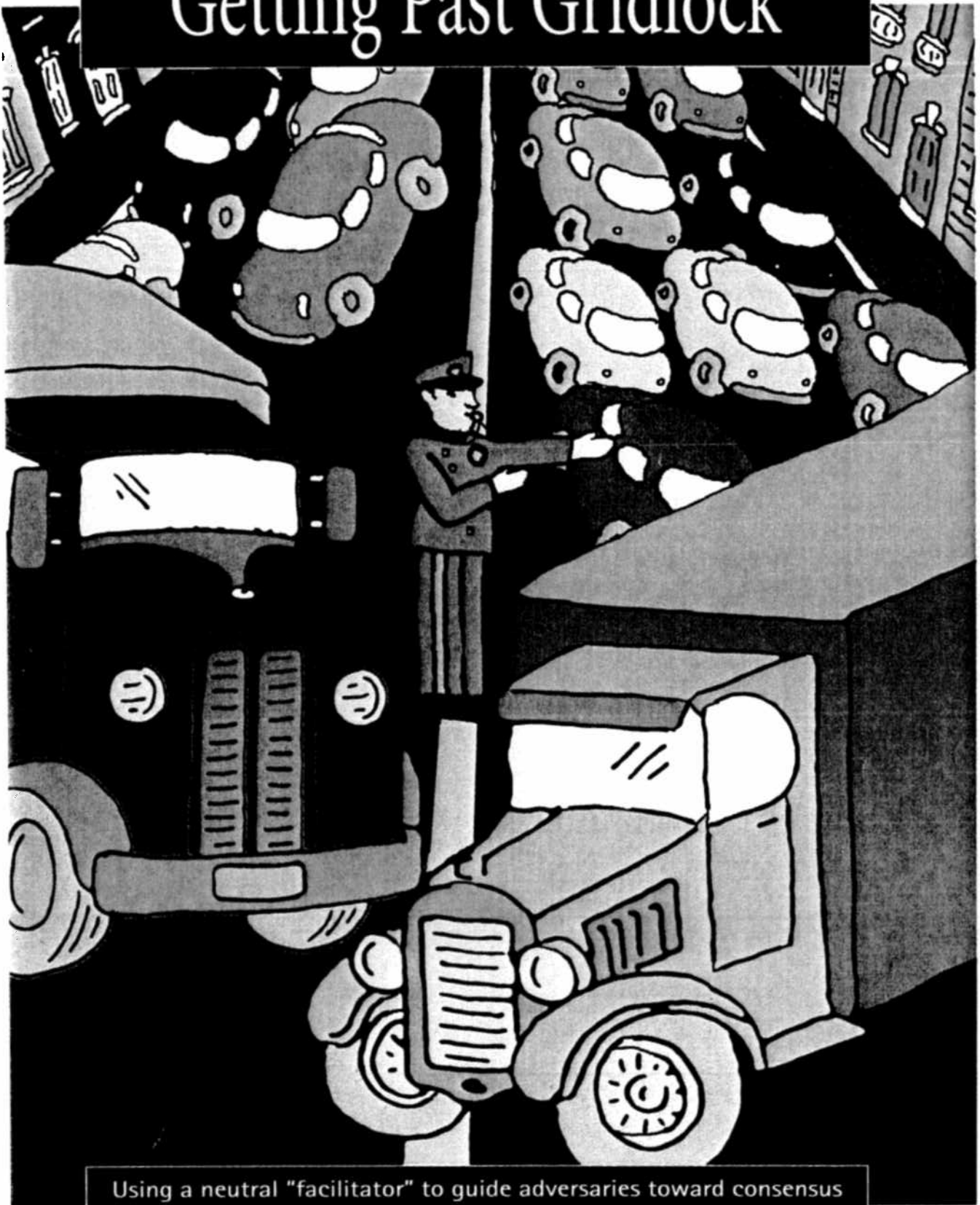
Hixson agrees, but says a good chair has to remain flexible. "You do your best on each piece of legislation, but sometimes outside pressures—such as action in Washington, D.C.—may dictate change on the floor," she says.

COMMITTEE CHAIRS ARE CRUCIAL

Legislative committees are the mainstay of the policymaking process in which legislators and staff invest enormous time and energy. They do the homework of the legislature. They are the gatekeepers of information and provide citizens and interest groups with a formal opportunity to affect legislative decisions. If committees work, the legislature works.

With citizens wary of their public institutions, committee chairs are a key group. If you do your job well as a chair and adhere to these five principal elements, the public will see that all sides are heard, that the legislature does its homework and that logical solutions are found for today's problems. Effective chairs can inspire members and the public with their leadership, and citizens will find confidence that the legislature can successfully solve future problems.

Getting Past Gridlock

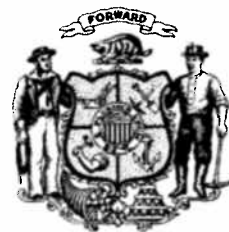


Using a neutral "facilitator" to guide adversaries toward consensus can sometimes solve the knottiest legislative problems.

By Christine Carlson and Larry Spears



WISCONSIN STATE LEGISLATURE



BUSINESS

TODAY

PERSONAL FINANCE WORKPLACE CONSUMER AGRICULTURE REAL ESTATE

The Capital Times ■ Tuesday, October 17, 1995

Takeover of stores

Several retailers have
in taking over 22
— including one in
— close next year,
Larry Sommer said.
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Chapter 11 of
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16.4% hike in profit

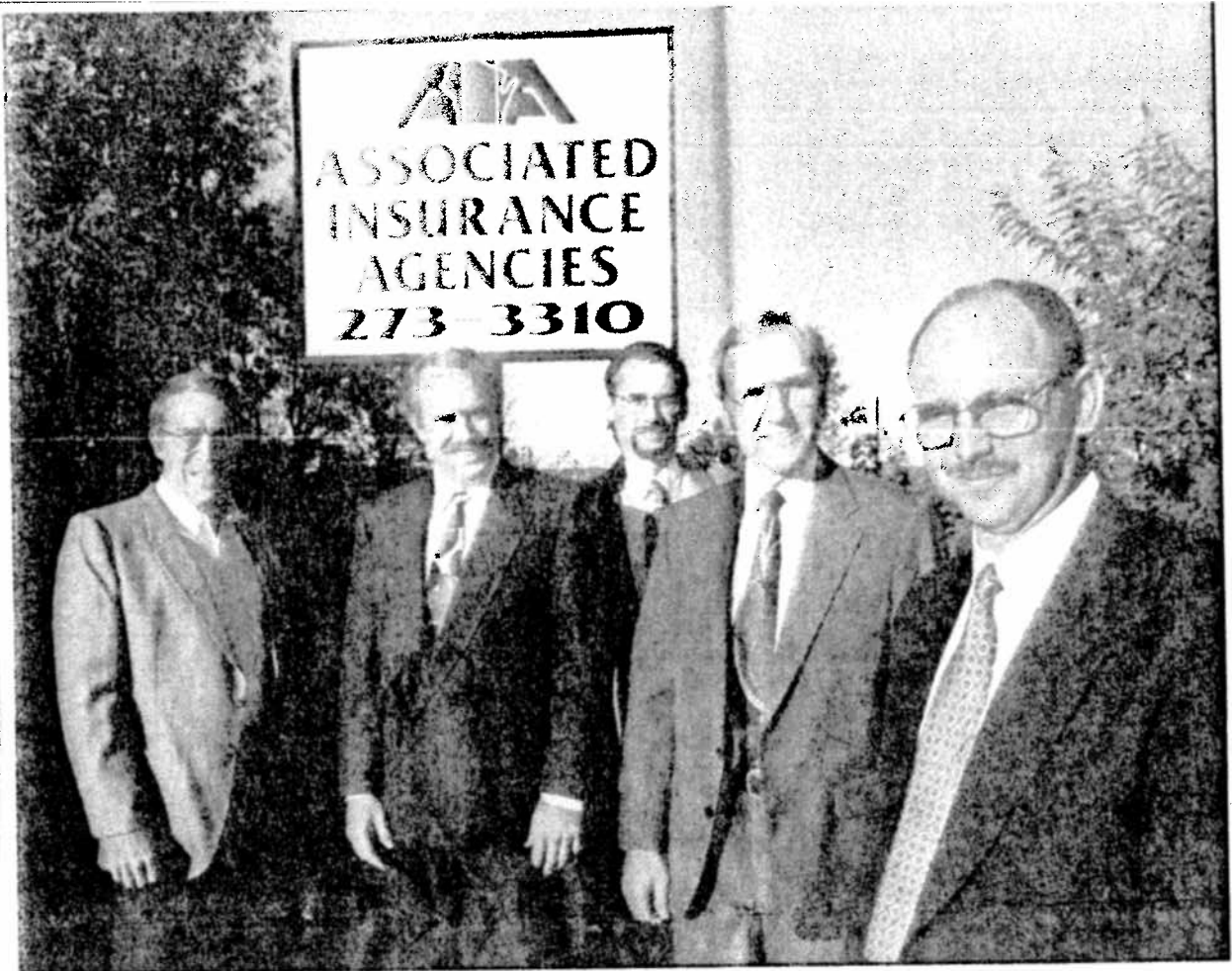
General Motors Corp.
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September quarter
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s \$3.5 billion deal for
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million, or 59 cents per
quarter, compared with
cents per share in the
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earnings were \$49
per share, compared
and \$1.24 per share
Sept. 30.

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gs rose to \$464.3
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76 cents per share in
st year. Correcting for



DAVID SANDELL/THE CAPITAL TIMES

Local insurance agents Mark Goldberg, Ted Pertzborn III, John Klingzing, Kenneth E. Wellman and Steve Eddington have formed a limited liability company, the first of its kind in Wisconsin.

Small insurers team up

... The Issues for Nov 8
create file

5 agencies form partnership for mutual benefit

By Mike Leon

Correspondent for The Capital Times

Vowing not to go the way of the disappearing Wisconsin small farmer, a local group of small independent insurance agents have taken advantage of recent legislation and organized into a pioneering limited liability company in a troubled industry.

Associated Insurance Agencies of Wisconsin, LLC, is based in Madison and became the first LLC composed of insurance agencies in Wisconsin on Jan. 1 of this year. In fact, AIA is considerably ahead of the pack of independent insurance agencies in the nation in operating as an LLC.

AIA comprises five members of varying insurance backgrounds, each of whom has equal voice in the LLC and who oversees specific management responsibilities. Each member also operates as an individually established agency under the LLC business form.

The LLC, a new form of pass-through entity combining characteristics of both partnerships and corporations, was established in Wisconsin in 1994. No new insurance regulatory burdens are assumed in this form. The LLC is now established in 47 states and the District of Columbia.

"This joining has been talked about for five years," said Mark Goldberg, member, general manager and initial proposer of AIA. "When the LLC came about,

it eliminated 99 percent of the arguments for not bringing people together. Over the years, we had all met. We knew the personalities, we knew the egos involved. We knew we could work together. The LLC provided the business structure, but we keep our individual agency names."

For the independent insurance agent, the LLC may be an idea whose time has come — just in the nick of time. Independent agents face mounting pressure from consumers calling for more comprehensive insurance coverage, and from insurance providers demanding prolonged commitments and electronic data hookups adding up to prohibitive costs.

As General Casualty, a leading industry publication, reports: "Life for independent agents may never be the same. They are being squeezed from both sides — consumers and providers — and the pressure shows no signs of easing."

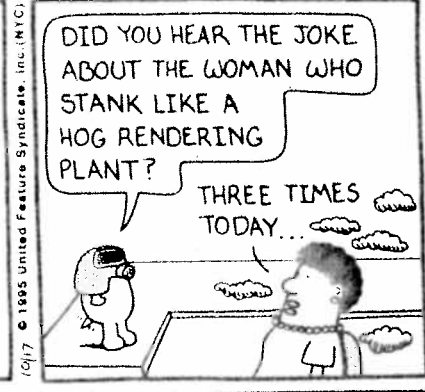
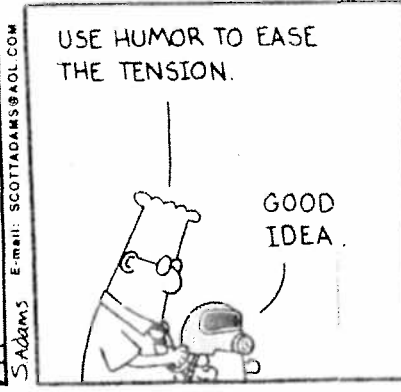
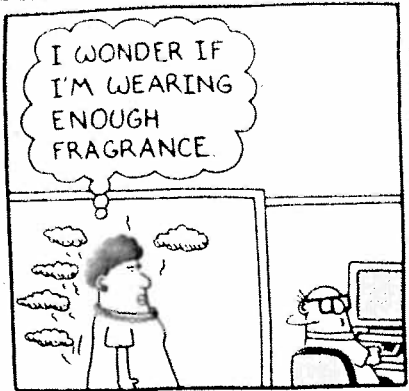
AIA has meeting the crisis head on.

"Because of the direction a lot of small agencies are taking, which is the direction of becoming extinct, it is clear small agencies can't meet the demands of the clients and the companies," said Steve Eddington, AIA member. "I relate small agencies to the farmers of the 1930s. Had the farmers gotten to-

Continued on Page 2C

Scott Adams

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Rose M.
Rose M. (O'Neill) er, grandmother & died on Sunday, at her home. She ber 23, 1920, the rles & Catherine She married John oember 29, 1941. perated the Oakcrest Jack & Joe's, for e retired from the Health Institute in s of service. She is daughters, Patricia California, Pauline Indiana, Barbara ston, Susan Kreider ighigan, and Debo- of Cary, North Ca- s. Jean Madigan of Henry of Madison, r) Roisum of Mad- ildren; five great several nieces and preceded in death ck, in December of r, Arthur O'Neill in will be held on er 18, 1995 from .m. at the FITCH- LIPPO FUNERAL iversity Ave. Funeral ld at 10:30 a.m. on 19, 1995 at ST. LIC CHURCH, 2015 lleton, WI.



Jerome M. "Jerry"
Jerome M. "Jerry" of Mount Horeb October 15, 1995, at Home after a long on January 22, lle, Wisconsin, the l Bartha (Skogstad) married to the for- on June 8, 1943. years of their ear- the Skindrud family e Township which lated with the Na- istic Places. After home drove the go Gas Truck. He

LLC

Continued from Page 1C

gether and started working to- gether instead of working against each other, they would still be around. The big alphabet houses out of Chicago and Milwaukee can come into this area and basically tear you up. (Small insurance agents) keep working against each other, instead of working together building on strengths and eliminat- ing weaknesses."

One weakness eliminated was the cost of administrative over- head. "Insurance companies today often say, 'You will interface with us or you will not have our con- tract.' Before, each agency was running around buying their own \$40,000-\$50,000 computer. Now we can invest in one computer, one phone system, one reception- ist. The same is true with our sup- port staff and other overhead costs," said Eddington.

Eddington says that by combin- ing operations to form the LLC, the individual agencies have seen a decrease in administrative over-

head costs of between 15 and 30 percent and a corresponding in- crease in profits. Formerly, Ed- dington said a majority of at- tention was focused on adminis- trative duties instead of sales.

Eddington, who oversees the marketing operations, says the squeeze from consumers and pro- viders is now being met with highly successful consequences.

"When you are a small agency, you knock on the companies' doors," he said. "Now companies are knocking on our door. We meet the companies' needs. We had an average of six companies apiece before . . . now we have 24. So we are able to service our clients and without their having to leave us and go to another agency."

Eddington adds that the in- creased analytical resources avail- able to AIA allows a creative flexibility. "We are able to bring together specialists, so now cus- tomers have a specialist or a con- sultant to help write an account. We can be generalists or we can be specifically oriented to a spec- ific type of clientele. We can be creative."

As an LLC, the members see their organization as futuristic and

plan on taking their LLC operation national in a cloning process.

"One intent of an LLC was for members to be able to operate as partners, but they limited their li- ability exposure because they had the corporate shell rather than ex- posing their assets and wealth," Eddington said. "The LLC is a cat- alyst that gives opportunities to grow not available before."

The LLC as a business entity for insurance agencies is not a merger, a cluster or franchising operation. It is a business form with an egalitarian, partnership ethos. It may become the wave of the future out of economic neces- sity as the insurance business fol- lows the trends of other industry mergers. But the corporate, hier- archical structure disappears at the LLC level and is replaced with a democratic partnership manage- ment structure.

"This is basically the survival of the independent agency sys- tem," said Goldberg. "We are just seeing the tip of the iceberg. What has been happening with banking and communications hasn't shown its horns yet in insurance agen- cies. You can still grow wherever you want to as an insurance agent, but let's work together and help each other."

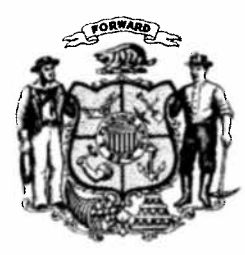
Advisers

popular new theories on Wall Street is that investors only need common stocks and a long-term

to those goals. One of the advis- or's primary jobs is to stop goal displacement, he said.



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Sheryl

Talk to me

Bob Jentz called re: AB 390

Because the language is
Verbatim budget language it may
be that when the budget is passed
AB 390 will not be necessary. But Bob
would like to REQUEST that AB 390 be
out on the list for EXEC. Session
at the next hearing since you already
had a public hearing on it w/ an
RB number.

Julie

Compliments of Maureen Grund, Sales Consultant

Prosser's Bill
+
beans

for anti