

1997-98 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

*Joint Committee for  
Review of  
Administrative Rules  
(JCR-AR)*

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR\_RCP\_pt01a
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- Miscellaneous ... Misc
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- Record of Comm. Proceedings ... RCP
-

LA 1.19 - (98-120) - CANCELLATION OF DEBT  
VETS TRUST FUND

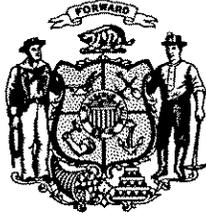
WISCONSIN LEGISLATIVE COUNCIL STAFF

LCRC  
FORM 2

***RULES CLEARINGHOUSE***

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**CLEARINGHOUSE REPORT TO AGENCY**

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[THIS REPORT HAS BEEN PREPARED PURSUANT TO S. 227.15, STATS. THIS IS A REPORT ON A RULE AS ORIGINALLY PROPOSED BY THE AGENCY; THE REPORT MAY NOT REFLECT THE FINAL CONTENT OF THE RULE IN FINAL DRAFT FORM AS IT WILL BE SUBMITTED TO THE LEGISLATURE. THIS REPORT CONSTITUTES A REVIEW OF, BUT NOT APPROVAL OR DISAPPROVAL OF, THE SUBSTANTIVE CONTENT AND TECHNICAL ACCURACY OF THE RULE.]

**CLEARINGHOUSE RULE 98-120**

AN ORDER to create VA 1.19, relating to the cancellation of indebtedness under the economic assistance, veterans trust fund stabilization and personal and secondary loan programs.

Submitted by **DEPARTMENT OF VETERANS AFFAIRS**

08-26-98 RECEIVED BY LEGISLATIVE COUNCIL.

09-23-98 REPORT SENT TO AGENCY.

RNS:MM:kjf;jt

**LEGISLATIVE COUNCIL RULES CLEARINGHOUSE REPORT**

This rule has been reviewed by the Rules Clearinghouse. Based on that review, comments are reported as noted below:

1. STATUTORY AUTHORITY [s. 227.15 (2) (a)]

Comment Attached      YES       NO

2. FORM, STYLE AND PLACEMENT IN ADMINISTRATIVE CODE [s. 227.15 (2) (c)]

Comment Attached      YES       NO

3. CONFLICT WITH OR DUPLICATION OF EXISTING RULES [s. 227.15 (2) (d)]

Comment Attached      YES       NO

4. ADEQUACY OF REFERENCES TO RELATED STATUTES, RULES AND FORMS  
[s. 227.15 (2) (e)]

Comment Attached      YES       NO

5. CLARITY, GRAMMAR, PUNCTUATION AND USE OF PLAIN LANGUAGE [s. 227.15 (2) (f)]

Comment Attached      YES       NO

6. POTENTIAL CONFLICTS WITH, AND COMPARABILITY TO, RELATED FEDERAL  
REGULATIONS [s. 227.15 (2) (g)]

Comment Attached      YES       NO

7. COMPLIANCE WITH PERMIT ACTION DEADLINE REQUIREMENTS [s. 227.15 (2) (h)]

Comment Attached      YES       NO

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## CLEARINGHOUSE RULE 98-120

### Comments

**[NOTE: All citations to "Manual" in the comments below are to the Administrative Rules Procedures Manual, prepared by the Revisor of Statutes Bureau and the Legislative Council Staff, dated October 1994.]**

#### 2. Form, Style and Placement in Administrative Code

The notation "s." should be inserted in the references to s. VA 1.17 (1) and s. VA 1.03. [See s. 1.07 (2), Manual.]

#### 4. Adequacy of References to Related Statutes, Rules and Forms

a. The analysis states that the rule relates to the cancellation of indebtedness under, among other programs, the "personal loan program." However, the rule does not contain a citation to the statutory section governing the "personal loan program." Should such a citation be added?

b. The analysis and s. VA 1.19 (1) (intro) contain citations to "45.356 and 45.80, 1981 Stats." These citations are incorrect; s. 45.356 does not appear in the 1981 statutes. Also, "Stats." should follow "1995" in the analysis.

#### 5. Clarity, Grammar, Punctuation and Use of Plain Language

a. In s. VA 1.19 (1) (intro), the phrase "upon application of the following criteria:" should be replaced with "if any of the following apply:". Also, "loans" should be replaced with "a loan."

b. Should the rule require the department to provide notice to obligated parties of actions under s. VA 1.19, including notice that the department intends to reinstate indebtedness

and collection activity and information regarding the right to appeal that decision under s. VA 1.03?

PROPOSED ORDER OF THE  
DEPARTMENT OF VETERANS AFFAIRS  
CREATING RULES

The Wisconsin Department of Veterans Affairs hereby proposes an order to create VA 1.19, relating to the cancellation of indebtedness under the economic assistance, veterans trust fund stabilization, personal, and secondary loan programs.

ANALYSIS PREPARED BY THE  
DEPARTMENT OF VETERANS AFFAIRS

Statutory authority: s.45.35(3), Stats.

Statutes interpreted: ss.45.351(2), 45.356, 1995, 45.356 and 45.80, 1981, Stats.

The department has determined that it is appropriate to codify internal loan write-off criteria it currently uses. Furthermore, in order to assure that veterans have a full opportunity to provide relevant information, a decision concerning cancellation of indebtedness will be subject to the administrative hearing process.

TEXT OF RULE

SECTION 1. VA 1.19 is created to read:

VA 1.19 Cancellation of indebtedness. (1) CRITERIA. The department may cancel indebtedness and forego collection action on loans provided under ss.45.351(2), 45.356, 1995 Stats., 45.356 and 45.80, 1981, Stats. upon application of the following criteria:

- (a) The obligated parties on the note are deceased and claims on the estates have failed to produce any payments.
- (b) The obligated parties on the note are unlocatable as documented by non-productive skip tracing efforts.
- (c) The obligated parties on the note are discharged in bankruptcy and have not reaffirmed the debt.
- (d) Interstate restrictions prevent collection.
- (e) The obligated parties on the note have established through the submission of adequate documentation that the parties are unable to pay or that continued collection activity would jeopardize collection of other department loans.

(f) The financial benefit to the department of pursuing collection activity does not exceed the cost of pursuing the debt.

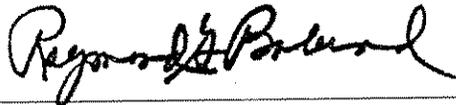
(2) REEVALUATION. Except as provided in VA 1.17(1), the department may reinstate the indebtedness and collection activity based upon a change in the circumstances of an obligated party.

(3) ADMINISTRATIVE REVIEW. Any department decision under this section is subject to appeal under VA 1.03.

The creation of the rule contained in this order shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s.227.22(2)(intro.), Stats.

Dated at Madison, Wisconsin, August 25, 1998

STATE OF WISCONSIN  
DEPARTMENT OF VETERANS AFFAIRS



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RAYMOND G. BOLAND, SECRETARY