

86. Milk Truck Weight Limits

Sections 2761r and 9350 (10c)

These sections modify a current law provision that allows milk trucks to carry heavier than authorized loads under certain conditions. The provision specifies that the normal allowable weight for such vehicles may be exceeded by 2,000 pounds for groups of three or more consecutive axles that are just under nine and one-half feet apart.

I am vetoing this section because the change is in conflict with federal transportation laws. The proposed change, as written, allows for the exemption to occur on portions of I-39. The Federal Highway Administration has already indicated that if this provision is enacted, it could jeopardize the state's national highway system apportionment. I request the Department of Transportation to develop legislation to implement this provision in a way that conforms to federal law.

87. "Celebrate Children" License Plate Applications

Section 2726v

This section requires the Department of Transportation to forward all applications for "Celebrate Children" license plates, without charging a fee, to the department's special license plate unit.

I am vetoing this provision because it is unnecessary. The department is working to clarify internal policies for processing special license plate applications.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

88. Farm Assets Reinvestment Management (FARM) Loan Guarantees

Sections 2393c and 9325 (1g)

This provision modifies the calculation of the maximum loan guarantee under the FARM program from one based on the original loan amount to one based on the outstanding principal of the loan.

I am vetoing this provision because it unnecessarily reduces the amount of assistance available to agricultural producers. My budget doubled the maximum loan guarantee under the FARM program. This change would undercut that expansion at the expense of Wisconsin farmers.

C. HUMAN RESOURCES

BOARD ON AGING AND LONG-TERM CARE

1. Ombudsman Position

Section 172 [as it relates to ss. 20.432 (1) (a) and (k) and 20.435 (4) (b)]

Section 172 [as it relates to s. 20.432 (1) (a) and (k) and s. 20.435 (4) (b)] appropriates \$42,500 GPR and \$21,200 PR in fiscal year 1999-2000 to fund 2.00 FTE ombudsmen positions and \$96,000 GPR and \$48,000 PR in fiscal year 2000-2001 to fund 3.00 FTE ombudsmen positions. Although there is no language in the budget bill that authorizes this increase, the Legislature passed a motion and an amendment during its deliberations to authorize funding for the new ombudsmen positions.

I object to the expansion of funding for the ombudsman program at the level approved by the Legislature. I am willing to approve an increase of \$42,500 GPR and \$21,200 PR in fiscal year 1999-2000 and \$74,700 GPR and \$37,400 PR in fiscal year 2000-2001 to fund 2.00 FTE new ombudsmen positions. The addition of 2.00 FTE positions is sufficient to carry out the current level of ombudsman services with an adjustment for caseload projections for the 1999-2001 biennium. I am vetoing the part of the bill that adds an additional ombudsman in fiscal year 2000-2001 by decreasing the Board on Aging and Long-Term Care's s. 20.432 (1) (a) appropriation by \$16,000 GPR in fiscal year 2000-2001 and s. 20.432 (1) (k) appropriation by \$10,600 PR in fiscal year 2000-2001 and the Department of Health and Family Services' s. 20.435 (4) (b) appropriation by \$5,300 GPR in fiscal year 2000-2001. This veto is part of a larger write-down in the Department of Health and Family Services' Medical Assistance appropriation. I am requesting the Department of Administration secretary not to allot these funds and not to authorize the 1.00 FTE position in fiscal year 2000-2001.

HEALTH AND FAMILY SERVICES

2. Kinship Care

Sections 172 [as it relates to s. 20.435 (3) (kc)], 397g, 1134h, 1142g, 1145g, 1145gm, 1145h, 1145j, 1145m, 1145p, 1145t, 1278g [as it relates to s. 49.175 (1) (ze) 1.], 1433x, 1491m, 1521dm and 9123 (10e)

Sections 397g, 1134h, 1145gm, 1145t, 1278g [as it relates to s. 49.175 (1) (ze) 1.], 1433x, 1491m and 1521dm expand the eligibility for kinship care payments to relatives of a person 18 years of age and older if that person is enrolled in, and regularly attends, a secondary education classroom program leading to a high school diploma, has not been absent from that program without an acceptable excuse for part or all of any day on which that program is held during the month preceding the month in which the kinship care payment is made and a kinship care payment was made on behalf of that person immediately prior to his or her 18th birthday. In addition, the agency making the kinship

care payment is required to monitor the classroom attendance of the person under the relative's care.

I am vetoing these sections because I object to the expansion of the kinship care program to individuals 18 years of age and older. In addition to concerns I have about funding for this expansion, counties and the Department of Health and Family Services (DHFS) will have an increased administrative workload in monitoring school attendance, which would have to be done to ensure compliance with the program.

Sections 1142g, 1145g, 1145h, 1145j, 1145m and 1145p provide that an individual who is denied kinship care payments or the continuation of those payments based on information obtained in the individual's background investigation may petition DHFS for a review of the action based on the current review process for denial of kinship care payments on other grounds.

I am vetoing these sections because I object to a kinship care relative having to go through the DHFS review process. Current law allows the kinship care relative to appeal the denial of benefits based on information from the background investigation directly to the director of the county social services or human services agency or an individual designated by the DHFS secretary. This appeals process allows the relative to get a decision in a more timely manner than the formal process provided for in these sections.

Sections 172 [as it relates to s. 20.435 (3) (kc)] and 9123 (10e) require DHFS to allocate \$500,000 PR in fiscal year 1999-2000 to supplement the kinship care allocations to counties and the Bureau of Milwaukee Child Welfare in DHFS (bureau) in order to prevent the need to place a kinship care relative on a waiting list. If a county or the bureau requests supplemental funding and DHFS determines that the funding is necessary to eliminate a waiting list, DHFS must allocate the funding to the requesting county or the bureau. In addition, if the \$500,000 is encumbered before July 1, 2001, DHFS is required to request a supplemental appropriation from the Joint Committee on Finance under s. 16.515.

I am vetoing this provision because I see no need to establish a reserve for kinship care payments. The biennial budget provides a level of funding that fully funds the projected kinship care caseload. In addition, DHFS has the administrative flexibility to reallocate funding among counties if waiting lists become a problem. By lining out the DHFS s. 20.435 (3) (kc) appropriation and writing in a smaller amount that deletes \$500,000 PR in fiscal year 1999-2000, I am vetoing the part of the bill which funds this program. I am also requesting the Department of Administration secretary not to allot these funds and the Department of Workforce Development secretary not to transfer these funds to DHFS.

3. Supplemental Security Income

Sections 1483t, 1483u, 1483v, 1483w, 1483x, 1483y, 1483ym, 1483z, 1483zb, 1484b and 1484c

Sections 1483t, 1483y and 1483ym allow a custodial parent to receive a payment for the support of a dependent child when the parent does not receive a federal or state supplemental security income payment. I am vetoing these sections because I am concerned that these parents will receive special treatment not afforded other recipients of the state's supplemental payment who must receive a federal payment in order to receive a state payment.

Sections 1483t, 1483u, 1483v, 1483w, 1483x, 1483z, 1483zb, 1484b and 1484c expand the caretaker supplement program to include payments for the support of grandchildren. I am vetoing sections 1483t, 1483u, 1483v, 1483w, 1483x, 1483z, 1483zb and 1484c and partially vetoing section 1484b because I object to the expansion of this program to grandchildren. In addition to concerns I have that the Legislature provided no funding for this expansion, the receipt of a caretaker supplement payment should be based on the relationship between the parent and the child. Elsewhere in the bill is a provision that increases the monthly payment the custodial parent receives for the support of the dependent child from \$100 to \$250 for the first child and from \$100 to \$150 for each additional child.

4. Special Needs Adoption Placements

Sections 1131g, 1131k, 1131L, 1131m, 1131r, 1131s, 1148m, 1148p, 1160d, 1160g, 1189p, 1192g, 1192j, 1192m, 3044j, 3197j, 9323 (12g) and 9323 (12h)

These sections provide that: (1) in making an adoptive placement for a special needs child, the placing agency may not consider the location of a proposed adoptive parent's residence as a factor in making the placement, unless the agency determines that consideration of residency is necessary to ensure the child's best interest in light of his or her special needs; (2) if the placing agency considers the location of the prospective adoptive parents' residence as a factor in placing a child with special needs, the agency must document in the child's permanency plan the reasons why that consideration is necessary; (3) if the placing agency does not consider the location of the prospective adoptive parents' residence as a factor in placing a child with special needs and the child is placed more than 60 miles from his or her home, the agency must document in the child's permanency plan the reasons why consideration is not necessary; and (4) if consideration of the proposed adoptive parent's residence is necessary to ensure the best interests of the child in light of the child's need for care or treatment to meet the special needs, the child's permanency plan must include documentation of the reasons why such consideration is necessary.

I am vetoing these provisions because they will result in Wisconsin being out of compliance with Title IV-E of the Federal Social Security Act, which provides that a state may not deny or delay a child's adoptive placement when an approved family is available

outside the jurisdiction that is responsible for the child's case. If the placement is denied or delayed because of jurisdictional considerations, the state loses its eligibility for federal Title IV-E reimbursement. I will support legislation that amends the state's children code to add the federal jurisdiction provisions to ensure that an adoption placement is not delayed or denied solely because of the residence of the proposed adoptive parent.

5. Child Abuse and Neglect Consent Decrees

Sections 1131gt and 9309 (6g)

These sections extend from six months to one year the time that a consent decree under the children's code is in effect unless the child, parent, guardian, legal custodian or expectant mother is discharged sooner by the judge or juvenile court commissioner. I am vetoing these sections because extension of the period of time that a consent decree is in effect may lengthen the time that a child and family are in the child welfare system and may delay achieving permanency for the child.

6. Community Based Residential Facilities

Sections 1045, 1045d, 1045g, 1048m, 1059, 1059g and 1064

Sections 1045d and 1048m require the Department of Health and Family Services (DHFS) to establish a pilot project in Chippewa County to effect all of the following: (a) provide that Chippewa County cannot deny Community Options Program (COP) services to an eligible individual who resides in a Community Based Residential Facility (CBRF) solely because the maximum total amount of funding for persons residing in CBRFs has been reached; (b) in discussing the cost effectiveness of a placement in a CBRF, Chippewa County shall consider all state and federal funds needed for all options considered; and (c) provide that Chippewa County may use COP GPR funds to provide services in any CBRF that has 20 or fewer beds. I am vetoing the provision that Chippewa County cannot deny COP services to an eligible individual who resides in a CBRF solely because the maximum total amount of funding for persons residing in CBRFs has been reached, since I want the county to maintain its current flexibility to determine what percentage of COP funds it plans to use to support individuals residing in CBRFs.

Sections 1045, 1059 and 1064 allow a county to waive the COP assessment, in accordance with guidelines established by DHFS, prior to a person's admission to a CBRF. In addition, these sections provide that a person seeking admission to a CBRF on a private pay basis may waive the assessment, unless the person is expected to become eligible for Medical Assistance within six months of the assessment. Sections 1045g and 1059g prohibit a county department or aging unit from denying COP services to an individual who has refused an assessment. I am vetoing sections 1045g and 1059g and the provisions that an individual can waive the COP assessment because the information obtained from the assessment is important in choosing the most appropriate and cost effective services for the individual.

7. **Report on Huntington's Disease**

Section 9123 (8t)

This section requires the Department of Health and Family Services (DHFS), by January 1, 2000, to submit a report to the Joint Committee on Finance on services provided to individuals with Huntington's disease. Specifically, the report must include, for each county of the state, the following: (a) the number of individuals with any type of disability receiving services through the Community Options Program (COP) and the Community Integration Program (CIP) and county revenues; (b) the number and percentage of individuals with Huntington's disease receiving services through these programs; and (c) the types of services that individuals with any type of disability, including Huntington's disease, received under these programs. I am vetoing this section because I am concerned about the increased cost to counties that administer the COP and CIP programs. DHFS classifies Huntington's disease as dementia and requires no separate reports. Counties would have to undertake a special data collection effort to obtain information on individuals with this disease.

8. **Community Integration Program (CIP 1B)**

Section 172 [as it relates to s. 20.435 (4) (b)]

Section 172 [as it relates to s. 20.435 (4) (b)] appropriates \$181,700 GPR in fiscal year 1999-2000 and \$539,800 GPR in fiscal year 2000-2001 to fund 50 new CIP 1B placements in fiscal year 1999-2000 and an additional 50 new CIP 1B placements in fiscal year 2000-2001. Although there is no language in the budget bill that authorizes this increase, the Legislature passed a motion and an amendment during its deliberations to authorize funding for the new CIP 1B placements.

I object to the expansion of funding for this program at the level approved by the Legislature. I am willing to approve an increase of \$181,700 GPR in fiscal year 1999-2000 and \$359,900 GPR in fiscal year 2000-2001. I am vetoing that part of the bill which funds 50 new CIP 1B slots in fiscal year 2000-2001 by decreasing the Department of Health and Family Services' s. 20.435 (4) (b) appropriation by \$179,900 GPR in fiscal year 2000-2001. This veto is part of a larger write-down of the Medical Assistance appropriation. I am also requesting the Department of Administration secretary not to allot these funds. Elsewhere in the bill is funding for 581 additional Community Options Program placements in fiscal year 2000-2001, a portion of which will be used for community services for developmentally disabled individuals.

9. **Uniform Compliance Checks**

Section 2485j [as it relates to s. 254.916 (1) (a) and (c), (3) (f), (12) and (13)]

Section 2485j [as it relates to s. 254.916 (1) (a)] defines the authority of the Department of Health and Family Services (DHFS) under Chapter 254, Investigation of the Sale or Gift of Cigarettes or Tobacco Products to Minors, including the requirement that in using

statistically sound sampling techniques in designing annual surveys, DHFS must stratify the sample so as to measure compliance by type of retail outlets, excluding a barroom. I am vetoing the provision that excludes barrooms from the sample because, under 42 USC 300x-021, DHFS has included taverns in its sample of outlets and federal regulations require states to maintain consistency in their samples from year-to-year.

Section 2485j [as it relates to s. 254.916 (3) (f)] requires that, excluding investigations conducted under 42 USC 300x-021 and 21 CFR part 897, detailed information concerning the investigation must be reported to DHFS and to the retailer. I am vetoing the provision requiring that investigation results be reported to DHFS because the reports are not necessary for the department's efforts to collect data to comply with federal law.

Section 2485j [as it relates to s. 254.916 (1) (c) and (12)] exempts surveys conducted by local units of government that have not entered into contracts with DHFS under 42 USC 300x-021 and 21 CFR part 897 from provisions of Chapter 254 and provides that no local surveys may be used for the purpose of issuing warnings or citations or any other enforcement mechanism. I am vetoing these provisions because one of the purposes in creating Chapter 254 was to strengthen compliance checks across the state to achieve a statewide goal of reducing the use of tobacco products by minors. In addition, I am concerned that the provision that precludes local municipalities from using the results of compliance checks for law enforcement purposes may curtail the ability of local governments in enforcing state law prohibiting tobacco sales to minors.

Section 2485j [as it relates to s. 254.916 (13)] exempts the City of Madison or the local health department or local law enforcement agency of the City of Madison from all provisions of Chapter 254. I am vetoing this provision because no county, town, village or city should have a special exemption from the requirements of Chapter 254.

10. Administrative Funding for the Blind and Visually Impaired

Section 172 [as it relates to s. 20.435 (6) (kd)], 226c [as it relates to ss. 20.435 (6) (kd) and 196.218 (5) (a) 10.], 445g and 2332n

These sections provide \$100,000 in each year from the universal fund for administrative services under the rehabilitation teaching program for blind and visually impaired persons. I am vetoing these provisions because I am concerned about broadening the use of the universal fund for activities not directly related to telecommunications, such as salary and fringe benefit costs for rehabilitation teachers. The Department of Health and Family Services (DHFS) did not ask for additional funding for rehabilitation teachers in its biennial budget request. However, I want blind and visually impaired persons to receive the same level of services in fiscal year 1999-2000 and fiscal year 2000-2001 that they received in fiscal year 1998-1999. Thus, I am directing the secretary of DHFS to use base resources to continue the fiscal year 1998-1999 level of services.

11. Healthy Families Program

Section 1099g

This section requires the Department of Health and Family Services (DHFS) to distribute \$100,000 in each year to Kenosha Area Family and Aging Services, Inc. for the provision of home visiting services for mothers who are under 18 years of age. I am vetoing this section because I object to providing additional funding for home visiting programs. 1997 Wisconsin Act 293 created a home visiting grant program and required DHFS to evaluate the program. It is premature to expand these programs until the evaluation determines whether home visiting programs are effective in reducing the incidence of child abuse and neglect. I am requesting the Department of Administration secretary to place \$100,000 GPR in fiscal year 1999-2000 and \$100,000 GPR in fiscal year 2000-2001 in unallotted reserve in appropriation s. 20.435 (3) (bc) to lapse to the general fund.

12. Nursing Home Wage Pass-Through

Section 9123 (9m) (b), 9123 (9m) (bg), 9123 (9m) (bm) and 9123 (9m) (c)

Section 9123 (9m) (b), (bg), (bm) and (c) provide a wage pass-through supplement to nursing homes to increase the wages or salaries and fringe benefits or increase staff hours of housekeeping and laundry workers, dietitians, and food workers.

I am vetoing section 9123 (9m) (b), (bg) and (bm), and partially vetoing section 9123 (9m) (c), to eliminate the wage pass-through for housekeeping and laundry workers, dietitians, and food workers because this increase has not been sufficiently justified. Many nursing homes contract for dietary consulting services, and to a lesser extent, laundry and food service workers. Therefore, the wage pass-through may not apply to workers in those areas because the nursing home does not pay their wages directly. In light of evidence of high turnover rates and the threat of declining patient care as a result of low wages for nurse's assistants, it makes sense at this time to direct scarce state resources to those workers who provide direct care.

I am requesting that the Department of Administration secretary place \$1,722,500 GPR in fiscal year 1999-2000 and \$2,277,500 GPR in fiscal year 2000-2001 in unallotted reserve in appropriation s. 20.435 (4) (b) to lapse to the general fund.

13. Supplemental Outpatient Hospital Payments

Section 1384g

This section directs the Department of Health and Family Services (DHFS) to distribute not more than \$2,451,000 (all funds) in each fiscal year, beginning on July 1, 2000, as a supplemental payment to hospitals for which Medical Assistance (MA) revenues were at least 8% of the hospital's total revenues in the hospital's most recent fiscal year prior to the year of the payment. I am partially vetoing this provision to make this a one-time payment in fiscal year 2000-2001. The intent of the payment is to offset a portion of

hospitals' increasing costs related to providing uncompensated care to patients without health insurance coverage. With the BadgerCare program in place, these costs are likely to decline, therefore reducing the need for an on-going supplemental payment.

I am also partially vetoing this section to correct a technical error in the statutory language outlining the distribution methodology. The methodology contained in this section would result in each hospital's supplemental payment being equal to the hospital's total amount of MA revenues in the previous year. I am partially vetoing the section to correct the methodology so that each qualifying hospital would receive the percentage of the supplemental funds available that is equal to that hospital's percentage share of total MA revenues of all qualifying hospitals.

Finally, I am also partially vetoing this section to allow DHFS to calculate payments based on data from the prior state fiscal year, as opposed to calculating the payments based on each hospital's fiscal year. Not all hospitals operate on the same fiscal year. Requiring DHFS to calculate payments over differing time periods is needlessly burdensome. This partial veto will standardize the time period over which all payments are calculated.

14. Medical Assistance Asset Test

Sections 1433t, 1433tm, 1433u, 1437m, 1437n, 1437p, 1437q, 1439g and 1439q

These sections eliminate the asset test for AFDC-related Medical Assistance (MA) eligibility. No funding was provided for this provision based on the assumption that all adults who do not meet the current AFDC-related categorically needy MA test would be BadgerCare eligible. I am vetoing this provision because I disagree with this assumption. BadgerCare will not cover the following individuals: (1) nonlegally responsible relative caregivers; (2) adult parents and their spouses with access to an employer-subsidized family group health plan where the employer pays at least 80% of the premium; and (3) adult parents and their spouses with health insurance coverage in the last three months that meets the Health Insurance Portability and Accountability Act of 1996 (HIPAA) standard plan definition. The Department of Health and Family Services estimates that the elimination of the asset test will increase MA program costs by approximately \$1,723,900 GPR and \$2,460,000 FED per year.

15. Irrevocable Burial Trusts and Medical Assistance (MA) Eligibility

Sections 2923mn and 9442 (2c)

Under the budget bill, the amount of an irrevocable burial trust that may be excluded from assets when calculating MA eligibility increases from \$2,000 to \$2,500 on January 1, 2001, and to \$3,000 on July 1, 2001. Because funding has only been provided for the last six months of the 1999-2001 biennium, this provision creates a significant cost-to-continue problem for the next biennium, which is unacceptable.

I am vetoing section 2923mn and partially vetoing section 9442 (2c) to eliminate the second increase from \$2,500 to \$3,000 because it commits the state to increased general purpose revenue expenditures in the next biennium.

16. Medical Assistance (MA) School-Based Services

Sections 1427j and 9123 (13d)

Section 1427j directs the Department of Health and Family Services (DHFS) to reimburse school districts, cooperative educational service agencies and the Department of Public Instruction (DPI) (on behalf of the Wisconsin Center for the Blind and Visually Impaired and the Wisconsin School for the Deaf) for 90% of the federal share of allowable administrative costs on a quarterly basis. I am partially vetoing this section to eliminate the requirement that DHFS reimburse these entities on a quarterly basis. Reimbursement on a quarterly basis does not coincide with the nine-month school year and this requirement would be administratively cumbersome to DHFS and to school districts. The reimbursement schedule currently in place, under which school districts receive reimbursement twice per year, is sufficient to ensure regular participation in the program.

Section 9123 (13d) specifies that DHFS shall reimburse school districts, cooperative educational service agencies and DPI (on behalf of the Wisconsin Center for the Blind and Visually Impaired and the Wisconsin School for the Deaf) for 90% of the federal share received for school-based services in excess of \$16,100,000 annually. Under this provision, participating entities would receive 60% of the federal reimbursement for school medical services provided and 90% of federal reimbursement for administrative costs until federal reimbursement exceeds \$16,100,000, at which point participating entities will receive 90% of federal reimbursement for both school medical services and administrative costs. The section further directs DHFS to submit, as part of its 2001-2003 biennial budget request, an increase in the percentage of the federal share received by educational entities for the provision of school-based services to reflect the total percentage of the federal share for which these educational entities were reimbursed in state fiscal year 1999-2000. I am vetoing this directive because it replaces the two-tiered reimbursement system aimed at encouraging participation in the program, with a flat, blended rate. I am directing DHFS to monitor participation based on the new rates and, if it is determined that improvements are needed, to propose a different rate structure in the next biennial budget.

17. BadgerCare Outreach

Section 1476f

This provision directs the Department of Health and Family Services (DHFS) to coordinate with the Department of Public Instruction (DPI) to develop and implement an outreach mailing targeted at families of children enrolled in the federal school lunch program to inform them of the BadgerCare program.

I am vetoing this provision because a similar effort is already underway. DPI recently sent a letter to every school district in the state encouraging them to inform families of the BadgerCare program. As a result, the Milwaukee Public Schools created a flyer about BadgerCare which was distributed to students. Several other school districts have included BadgerCare information with applications for the federal school lunch program. In addition, it is my understanding that President Clinton has initiated a similar campaign at the federal level. I am directing DHFS to continue to coordinate with DPI to conduct BadgerCare outreach activities in Wisconsin schools.

18. Nocturnal Enuresis Feasibility Study

Section 9123 (7t)

This section directs the Department of Health and Family Services (DHFS) to conduct a study on the cost and efficacy of urine alarms used in conjunction with behavior modification therapy and case management, including bimonthly visits with a specialist, as a treatment for nocturnal enuresis (commonly referred to as bedwetting).

I am vetoing this study because the Wisconsin Medical Assistance (MA) program currently covers a number of methods and services that parents can use to address this problem, including case management, counseling and urine alarms. DHFS has concluded the successful use of urine alarms is best achieved when supervised by the child's primary care physician as part of a comprehensive care plan. In addition, current literature and recommendations from the Nocturnal Enuresis Society do not indicate the need for outside supervision in conjunction with the use of urine alarms. Finally, the vast majority of MA recipients with this diagnosis are children who are enrolled in managed care plans. Health maintenance organizations routinely evaluate the effectiveness of such treatments and choose what they believe to be the most effective option.

19. Tobacco Control Board

Sections 30d, 172 [as it relates to s. 20.436 (1) (tb) and (tc)], 717t, 2486g, 9101 (20c) and 9158 (11mg)

These sections create the Tobacco Control Board (board) to develop a state plan for spending the funds received under the tobacco settlement and set aside \$25,992,000 of those funds in a separate segregated fund. The board is attached administratively to the Department of Health and Family Services (DHFS). The sections also define the duties of the board, identify the activities on which the funds can be spent and provide 2.0 FTE SEG positions. An annual report is required each year evaluating the success of the grant program and audits are required of the University of Wisconsin Center for Tobacco Research and Intervention and the Medical College of Wisconsin. Finally, the Department of Administration (DOA) is required to study the possibility of selling and transferring the state's rights to the monies to establish a permanent endowment fund.

Prior to outlining my vetoes, I want to underscore the importance of investing dollars in worthy and effective programs to prevent smoking, as well as further research on both

the health-effects of smoking and medical care for those who suffer from tobacco's ill effects. I fully expect this funding, which provides more than ample resources, will enable Wisconsin to be a bold leader in an aggressive battle to tackle smoking.

First, I am partially vetoing section 30d [as it relates to the board members, terms and number of meetings] because I am dissatisfied with the board's composition. My concern with the board as statutorily constituted stems from what I believe is an unbalanced composition that keeps important constituencies, such as retailers and parents of teenagers, from having a place at the table. I am also vetoing section 9158 (11mg) which specifies the expiration dates of certain members because it is no longer necessary if the specific membership of the board is not set statutorily.

Second, I am partially vetoing section 30d [as it relates to DHFS sending the board's budget to DOA without changes] because it is inconsistent with language which governs all attached boards. Under s. 15.03, "budgeting, program coordination and related management functions shall be performed under the direction and supervision of the head of the department" to which the board is attached. The agency that is responsible for the state's tobacco control program should have input into the board's budget, and my partial veto ensures this input will occur.

Third, while I recognize there was substantial compromise in reconciling the funding level proposed by each house, I still believe the final, agreed upon amount is too high. As a result, I am partially vetoing section 717t so that a total of \$23,500,000 SEG will be available for the biennium, which will save \$2,492,000. As a result, I am writing down the amounts in s. 20.436 (1) (tb), the administrative appropriation, by \$200,000 SEG in fiscal year 1999-2000 and in s. 20.436 (1) (tc), the grants appropriation, by \$2,292,000 SEG in fiscal year 2000-2001 to what I believe are more reasonable funding levels. I am requesting the Department of Administration secretary not to allot these funds. I am retaining the full amount of funding for administration in fiscal year 2000-2001 in order to ensure that the board has sufficient funding to reimburse DHFS for the cost of services, such as accounting or personnel, provided to the board.

Fourth, I am partially vetoing section 2486g which describes the duties of the board to eliminate the provision that the plan for spending the tobacco settlement funds must conform to the model developed by the Centers for Disease Control and be modeled after successful tobacco control programs in other states. While I understand it is not effective practice to reinvent the wheel, I believe the board members should not be constrained by these limitations. I want to provide each member with greater flexibility and encourage creativity and forward-thinking as they develop and propose programs to meet the specific needs of Wisconsin residents.

Finally, section 9101 (20c) requires DOA to study the possibility of selling and transferring Wisconsin's rights to the tobacco settlement funds in order to create a permanent endowment fund. The study is to be completed by January 1, 2000. I am partially vetoing this section to eliminate the study due date in order to provide more time for the department to complete a thorough and comprehensive review.

20. Women, Infants and Children (WIC) Electronic Benefits Transfer

Sections 34b, 2435q and 9123 (8d)

These sections establish a WIC Council attached to the Department of Health and Family Services (DHFS) which will review the program and make recommendations on needed changes in policy and procedures to the DHFS secretary and the Legislature. They also require DHFS to study the feasibility of an electronic benefits transfer program for WIC and submit the study to the Joint Committee on Finance (JCF) by January 1, 2002. The study would specify the information systems requirements, the compatibility of such a system with existing electronic benefits transfer programs and the costs of such a system.

I am vetoing the provisions establishing a council because it is duplicative. DHFS already has an advisory council which addresses policies and procedures in the WIC program. I am also partially vetoing the specific topics to be addressed in the feasibility study. I am interested in the possibility of using the electronic transfer of benefits in the future and I would like to learn what other states are developing now. However, I believe it is premature to conduct the study as proposed given the difficulty several states are experiencing in trying to develop this type of system. I am also vetoing the provision requiring the submission of the study to JCF and the due date, to provide DHFS some additional flexibility.

21. Community Health Centers and the Minority Health Program

Sections 172 [as it relates to s. 20.435 (5) (fh)] and 2400m

Section 2400m provides \$3,500,000 GPR in fiscal year 1999-2000 and \$4,000,000 GPR in fiscal year 2000-2001 for federally qualified health centers. Section 2400m also provides \$100,000 GPR in each fiscal year for the Mary Mahoney Health Services Center in Milwaukee. Finally, section 172 [as it relates to s. 20.435 (5) (fh)] provides \$300,000 GPR annually to support a minority health program which will provide grants to improve minority health and a minority health media campaign.

While the federally qualified health centers provide a valuable service, I believe the amounts appropriated are excessive. Therefore, I am vetoing section 2400m [as it relates to the federally qualified health centers' allocation language] in order to reduce funding for these centers to \$2,500,000 in fiscal year 1999-2000 and \$3,000,000 in fiscal year 2000-2001. I am also partially vetoing funding in fiscal year 2000-2001 in section 2400m [as it relates to the Mary Mahoney Center] and the minority health program to avoid building these costs into the next biennium's base spending. Instead, I am asking these programs to apply for additional funding through a grant from the Tobacco Control Board. I am requesting that the Department of Administration secretary place \$1,000,000 GPR in fiscal year 1999-2000 and \$1,100,000 GPR in fiscal year 2000-2001 into unallotted reserve in appropriation s. 20.435 (5) (fh) to lapse to the general fund. I am also writing in a smaller amount in s. 20.435 (5) (fh) to reflect the GPR reduction in funding for the minority health program which should seek support in the second year

from tobacco settlement funds. I am requesting the Department of Administration secretary not to allot the \$300,000 for the minority health program.

22. Consolidated Contracts

Sections 999m and 9323 (11m)

These sections require the Department of Health and Family Services (DHFS) to submit a plan to the Joint Committee on Finance (JCF) for approval under the 14-day passive approval process to consolidate a variety of public health contracts for such activities as lead poisoning prevention and family planning. This language was developed in response to concerns from many organizations and public health departments that the inclusion of the family planning funds in the consolidated contract would politicize the provision of these services, as it already had in two counties, if the contract had to be approved by the county board of supervisors. To ensure that these services continue to be provided statewide and to not impede the progress of the rest of the consolidated contract proposal, I have directed DHFS to remove family planning services from the consolidated contract. I am vetoing the language requiring JCF review since the primary problem it was designed to address has been resolved.

23. Newborn Hearing Screening Program

Sections 172 [as it relates to s. 20.435 (5) (jk)], 368r, 368s, 434r, 434s, 434t, 1649r, 1649s, 2439r, 2439s and 9423 (11g)

These provisions establish a newborn hearing screening program under which grants would be made to hospitals to purchase equipment for hearing tests and to provide training. The program would be funded by a \$2 increase in the cost of a birth certificate for the period October 1, 1999, (or on the first day of the month after publication, whichever is later) through December 31, 2001. The Department of Health and Family Services (DHFS) is required to collect data on the number of babies born in hospitals that test hearing. If, by August 5, 2003, DHFS determines that less than 88% of babies born in the state are delivered at hospitals which do not administer hearing tests, then DHFS must require all hospitals in the state to provide the tests.

I believe this program has merit, but I believe that funding the program with increased fees from birth certificates is inappropriate. As a result, I am vetoing the appropriation under s. 20.435 (5) (jk) and other sections related to the funding for this program. I am, however, retaining the programmatic language and asking the groups that support this program to work together to propose a more appropriate source of funding for the program.

24. Birth and Developmental Outcome Program

Section 172 [as it relates to s. 20.435 (1) (a)]

Section 172 [as it relates to s. 20.435 (1) (a)] provides \$100,000 GPR in fiscal year 1999-2000 and \$200,000 GPR in fiscal year 2000-2001 to purchase the services of a medical records abstractor to collect and study data on children with birth defects. I am reducing funding for this purpose by \$100,000 in the second year because there was no justification to document the need for increasing the level of funding for this program in the second year. By lining out s. 20.435 (1) (a) and writing in a smaller amount, I am vetoing the part of the bill that funds this provision. I am also requesting the Department of Administration secretary not to allot these funds.

25. Health Insurance Risk Sharing Plan (HIRSP)

Sections 2277t and 2278g

Section 2277t allows the HIRSP Board or the Department of Health and Family Services (DHFS) to adjust the income eligibility brackets for the premium and deductible subsidies by the consumer price index. Prior to making these adjustments, the HIRSP Board and DHFS must obtain approval of the Joint Committee on Finance (JCF). I am partially vetoing the provision that requires JCF approval because the additional oversight provided by the committee is unnecessary.

Section 2278g requires DHFS to obtain approval from the HIRSP Board before developing rules on cost containment strategies such as prior authorization requirements. I am vetoing this provision to ensure that departmental staff have flexibility in establishing cost containment strategies. However, I am directing the DHFS secretary to consult with the HIRSP Board with respect to these policies prior to issuing any new rules.

26. Caregiver Background Checks Recidivism Study

Section 9111 (4xx)

This section directs the Department of Corrections (DOC), in conjunction with the University of Wisconsin-Madison (UW), to prepare a report on the correlation between prior convictions and the propensity to commit future acts of abuse, neglect or misappropriation. I am partially vetoing this section to delete DOC participation in the study. Many crimes of abuse, neglect and misappropriation are misdemeanors, and records of these crimes are kept at the county level. Court records, not DOC records, are a more appropriate and comprehensive source of data for this study. I am requesting the UW to submit the report to the Legislature in the manner provided under s. 13.172 (3) of the statutes no later than June 30, 2001.

27. Income Augmentation Contract

Sections 456r, 1091k and 9323 (13f)

These sections require the Department of Health and Family Services (DHFS) to perform activities to augment income received under 42 USC 670 to 679a, 42 USC 1395 to 1395ddd and 42 USC 1396 to 1396v (foster care, Medicaid and Medicare). Under these sections, DHFS is required to perform these activities itself and may not contract with any person to perform these activities. I am vetoing these sections because I want DHFS to have the flexibility to augment federal income in a manner that maximizes the amount of income the state receives from the federal government. The vendor currently under contract with DHFS has already documented \$68.1 million in retroactive claims that the state has since collected.

28. Data Collection Proposals

Section 9123 (8mx)

This section requires that two proposals be developed regarding health care data collection. The first allows the Department of Health and Family Services (DHFS) to develop and submit a request by June 30, 2001, for expenditure and position authority to the Department of Administration (DOA) that would allow DHFS to collect health care data from physicians and would include recommendations regarding how that activity might be funded. DOA may submit the proposal, along with any legislation necessary to implement the proposal, to the Joint Committee on Finance (JCF) for approval under the 14-day passive review process. The second proposal is a joint effort of DHFS, the Office of the Commissioner of Insurance and the Department of Employee Trust Funds to develop a memorandum of understanding among the agencies regarding the consolidation of health care data collection activities. This proposal would be sent to DOA which would forward the proposal with any modifications and any needed language to JCF for approval under the 14-day passive approval process.

I am vetoing the provision under which DHFS may submit a proposal to collect health care data from physicians because it is no longer necessary. This provision was incorporated in the JCF version of the bill. However, in a later step in the legislative process, the staff and funding needed to collect the data were approved.

I am also vetoing the provision requiring the three agencies to develop a proposal for a consolidated data collection system because it, too, is unnecessary. All three agencies are currently members of the Interagency Coordinating Council whose charge is specifically to coordinate health care data collection activities among all state agencies.

29. Five-Year Age Increments

Section 2280c

This provision, which is part of a larger initiative on the confidentiality of health care records, describes the data elements which can be included in public use data files. It specifically indicates that a person's age must be included in 5-year increments up to age 80 and a category of 80 and over. Groups conducting research on geriatric health indicate there are significant health differences in people over 80 and would prefer to have data on that age group reported in 5-year increments as well. Therefore, I have partially vetoed this section to ensure that all data are reported in 5-year increments regardless of age.

30. Social Security Numbers on State Documents

Sections 936t, 944w, 2359tb, 9315 (1p), 9315 (2p) and 9317 (3p)

These sections prohibit the Departments of Employee Trust Funds and Employment Relations from using social security numbers as an identifier on state documents, including agency time sheets, deferred compensation statements and retirement system statements.

While I most definitely support efforts to protect people's identities, I do not believe that the fiscal impact of these provisions was clearly defined. Both agencies reported that they would need significant funding to completely overhaul their information systems which use the social security number as the primary link between payroll, time reporting and benefits accounting. For these reasons, I am vetoing the provisions related to the use of social security numbers on state documents.

I am asking these agencies to comply with the spirit of the language to the extent that they can and I am asking members of the Governor's Task Force on Privacy to address this issue and provide me with recommendations which can be included in the January legislative session.

INSURANCE

31. Point-of-Service Option

Sections 3036h, 9326 (4g) and 9426 (4g)

This provision, which is part of a larger initiative on point-of-service option insurance plans, exempts employers from having to offer such a plan if, after having offered this option and providing an opportunity to enroll, fewer than 25 employees express an interest in enrolling in this plan. I am partially vetoing these sections because I believe it is inequitable to employees who did express an interest in the plan, but were denied the opportunity to enroll in the point-of-service plan simply because fewer than 25 of their co-workers wanted to purchase this plan.

32. Obstetric Services Referrals

Section 3036r

This section prohibits managed care plans that offer obstetric and gynecologic services from requiring female enrollees to get a referral for these services. It further requires the plans to provide notification of this referral prohibition in the person's policy and in the literature provided during each enrollment period.

I am partially vetoing the provision requiring notice of the referral prohibition during the open enrollment period because it will unnecessarily increase plan costs. Managed care plans are already required to identify referral policies when they issue coverage to a person.

WORKFORCE DEVELOPMENT

33. W-2 Agency Profits – County Community Reinvestment

Sections 1330r and 1278g [as it relates to s. 49.175 (1) (d)]

These sections require the Department of Workforce Development (DWD) to distribute an amount equal to 4% of W-2 agencies' contract amounts directly to county governments for purposes of community reinvestment. They also require DWD to establish by rule criteria for the use of community reinvestment funds.

I object to the treatment of community reinvestment funds in this section. My budget proposal made community reinvestment funds available to W-2 agencies as a bonus for agency performance. These provisions create a guaranteed distribution of community reinvestment funds to counties, not W-2 agencies, regardless of performance. While many county governments administer the W-2 program, under this provision those nonprofit and private organizations administering W-2 would not have access to community reinvestment dollars. Moreover, the proposal agreed to by the Conference Committee allocated an amount equal to 3% of contract amounts for community reinvestment, and allocations under s. 49.175 (1) (d) were calculated using the 3% community reinvestment proposal. Section 1330r, however, states that amounts for community reinvestment would equal 4% of the contract total, not 3%.

Finally, use of reinvestment funds has not been detailed in the statutes because I wanted each agency to have the flexibility to use the funds to benefit its own particular community. DWD already issues guidance for use of community reinvestment bonuses, and I feel requiring DWD to create administrative rules is unnecessary.

Therefore, I am partially vetoing these sections so that DWD may distribute community reinvestment funds to W-2 agencies instead of directly to counties and to remove the requirement that DWD establish rules for the use of community reinvestment funds. I am, however, leaving the requirement that DWD establish criteria for the use of reinvestment funds. These criteria should be consistent with performance standards

established in the W-2 Request for Proposal for the award of community reinvestment funds.

34. W-2 Agency Performance Standards

Section 1224d

This provision would codify in statute several performance standards that W-2 agencies would have to meet before earning performance bonuses from the Department of Workforce Development (DWD). The provision would also require the creation of a system to track former W-2 participants and former applicants to ensure agencies are meeting their contractual obligations and to assess whether those agencies qualify for performance bonuses.

I support the performance criteria in this section. However, I feel basing agency performance on the status of former applicants, persons who never participated in the program, seems unnecessary and would significantly increase the number of persons DWD must track. Furthermore, DWD already has a system in place, the Client Assistance for Reemployment and Economic Support (CARES) system, which tracks former W-2 participants for 180 days after leaving the W-2 program.

Therefore, I am partially vetoing this section to remove the requirement that DWD track former applicants and that DWD create a tracking system. I recognize tracking former W-2 participants provides information that helps Wisconsin evaluate the ability of W-2 agencies to increase self-sufficiency. Therefore, I am directing DWD to assess the effects of increasing the number of days they track former participants from 180 days to 365 days. This study should identify the costs as well as the capacity of the CARES system to handle such an increase.

35. Statewide Advisory Group

Sections 1224c, 1224p and 9357 (7g)

These sections would require the Department of Workforce Development (DWD) to create a statewide advisory group that would serve as a source of information about W-2 programs and policies and as a forum for public comment on W-2. The department would have to organize regional forums and special work groups to address concerns raised by the advisory group, and any person would be allowed to participate in these meetings.

I object to these provisions because there is already an extensive process for public comment on the W-2 program. DWD received over 700 comments on the last W-2 Request for Proposal alone. Furthermore, each W-2 agency currently has a community steering committee in place which can help the agency evaluate W-2 policies and organize forums with or without DWD participation. The proposed statewide advisory group would only seem to add another layer to W-2 administration, one for which no resources have been provided. Therefore, I am vetoing the requirement in section

1224p that DWD create a statewide advisory group and organize regional forums and work groups. I am also vetoing section 9357 (7g) and partially vetoing section 1224c which require DWD to consult with this statewide advisory group when establishing performance standards.

36. Full and Appropriate Engagement in W-2 Contracts

Section 9157 (2c) (b)

This section directs the Department of Workforce Development (DWD) to amend its Request for Proposal (RFP) for the next W-2 contract. One provision defines engagement for the Food Stamp Employment and Training (FSET) program as activities equal to the household's monthly food stamp benefit divided by the minimum wage. The current work requirement, as specified by the W-2 RFP, is 27 hours of work-related activities per week. This provision was included based on the argument that the RFP's FSET engagement criterion was not in compliance with federal regulations. However, the Department of Administration and DWD have confirmed that the requirement in the RFP is in fact acceptable under federal law.

Another provision eliminates the criterion that full and appropriate engagement for W-2 subsidized employment is engagement for at least 30 hours per week. The W-2 program is guided by the principle that participants should be attached to the workforce in order to qualify for public assistance. This provision essentially weakens the W-2 work requirement and thus a basic program goal.

Therefore, I am partially vetoing this section. This action will reinstate the FSET and W-2 engagement requirements as defined currently in the W-2 RFP.

37. Nonentitlement Modifications

Sections 1216m and 1227m

Section 1227m requires W-2 agencies to place a person who meets the eligibility requirements into a subsidized employment position within 30 days of application, if the person has made a reasonable job search that was unsuccessful. Agencies would also have to place an individual incapable of job search into subsidized employment immediately upon determining that person meets eligibility requirements. Finally, section 1216m exempts these two categories of individuals from W-2 nonentitlement statutes under s. 49.141 (4).

I object to these provisions because W-2 agencies already should be providing services to assist the individuals targeted by this provision. W-2 policy specifies that any individual classified as "job ready" but unable to find work must be reassessed every 7 days. Those reassessments provide W-2 financial employment workers the opportunity to determine what support services the participant needs in order to find work and to reconsider whether the person is in fact ready for unsubsidized employment. Furthermore, under current policy those not considered "job ready" must not be required

to search for employment as a condition of their eligibility for W-2. W-2 agencies may place such applicants into trial jobs, community service jobs or W-2 transition placements.

One key philosophy of W-2 is that no individual is entitled to public assistance. Section 1216m reinstates entitlement by exempting individuals from the nonentitlement section of the statutes, thereby eroding this important aspect of the program. Therefore, I am vetoing these sections to remove the proposed nonentitlement exemption and eliminate the placement requirement for certain new W-2 applicants.

38. W-2 Pay Period

Section 1237t

This section specifies that the participation period for a W-2 employment position must be from the 26th day of one month to the 25th day of the next month. As a result, the participant would receive a full benefit check on the 1st day of the subsequent month. This section would also require W-2 agencies to provide the first grant payment to new participants 14 days after beginning participation. The pay period runs currently from the 16th day of one month to the 15th day of the next, with payment on the 1st day of each month. The Department of Workforce Development (DWD) issues new participants partial payments on the 1st day of the month after they begin participating in W-2 even if they have not participated for any hours in the previous pay period.

DWD uses the time between the end of the pay period (the 16th) and the first of the month to adjust assistance checks for sanctions. The proposed provision would reduce the amount of time DWD has to make such adjustments by two-thirds. In addition, issuing checks to new participants 14 days after beginning participation would create a system where DWD would be issuing assistance checks every day of the month. DWD also would have no time to adjust these partial payments if the participant incurred any sanctions. Therefore, I am vetoing this section, thus maintaining the current pay period system.

I recognize that people first applying for W-2 assistance may be experiencing economic crises and need emergency help. Currently, W-2 agencies may offer emergency assistance grants and emergency food stamps to new participants facing such hardship. However, if improvements to the pay period are possible, DWD should explore them. I therefore direct DWD to study whether or not improvements to the existing pay period are necessary and to assess the effectiveness of current emergency assistance in meeting the needs of those facing hardship.

39. Technical College Substitution for W-2 Work

Sections 1233m, 1237f and 1237h

These sections permit W-2 participants to engage in a self-initiated technical college education program as part of a community service job (CSJ) placement or transitional

placement (W-2T). Participants could participate in such programs for the duration of the technical college program or two years, whichever is shorter. A W-2 agency could not require such participants to work more than 25 hours per week.

Under current law, W-2 agencies can assign up to 10 hours per week of education and training activities, including technical college education, to W-2 participants as part of their CSJ component. These participants can be required to work up to 30 hours per week. However, participants cannot substitute this education for their work requirement, nor are they allowed to initiate the education program. Rather, the financial employment planner (FEP) determines what type of education is appropriate, how much is needed and how much the participant should work. Similarly, a person in a W-2T placement can be assigned up to 12 hours per week of education and training and up to 28 hours per week of work.

By allowing participants to substitute their technical college education for their work requirement, the emphasis of the W-2 program could shift away from work and back towards education programs. Moreover, maintaining the FEP role in determining the education program for participants is important, therefore I am partially vetoing sections 1233m, 1237f and 1237h to remove the ability of participants to initiate the education program and to ensure that any participant wishing to engage in technical college under this section must work 25 hours per week.

40. Child Care Assistance Employment Requirements

Sections 1250b and 1252

These sections remove any work requirement as a condition of eligibility for W-2 child care assistance while participating in an education program. Under current law, participants are required to have 9 months of previous workforce attachment or be engaged in a W-2 subsidized employment position before becoming eligible to receive child care assistance while going to school. My budget proposal reduced the work requirement to 3 months. Because of anticipated increases in eligibility for child care assistance, an additional \$130,000 PR-F was allocated for fiscal year 1999-2000 and an additional \$150,000 PR-F was allocated for fiscal year 2000-2001.

W-2 is a work-based program, and attachment to the workforce is a critical aspect of eligibility even for child care assistance. Therefore, I am partially vetoing these sections. This veto will have the effect of requiring W-2 agencies to determine if a basic education program would facilitate the individual's efforts to maintain employment. Thus, the participant will have to be engaged in unsubsidized work or a subsidized W-2 employment position. Because eligibility for assistance will still increase compared to what I allocated in my budget proposal, I am not removing the additional funding for this provision.

41. Child Care and Development Block Grant Funds

Section 9157 (3mm)

This provision requires the Department of Workforce Development (DWD) to create a plan to maximize the use of federal child care and development block grant funds by the first day of the first month beginning after budget publication. This plan would have to be submitted to the federal Department of Health and Human Services (DHHS) the following month. Given the publication date of this bill, I feel DWD will not have sufficient time to meet this requirement.

I am partially vetoing this section to remove the submission date requirements. Furthermore, I direct DWD to create a plan by December 1, 1999, and submit that plan to DHHS by January 1, 2000.

42. Effective Dates – Child Care Eligibility Changes

Section 9457 (3) and 9457 (4)

This section introduces effective dates for new child care assistance eligibility requirements and specifies that, among other items, s. 49.145 (3) (b) 2. with regards to the repeal of the child care asset test is effective on January 1, 2000. There are two treatments of this section of the statutes in the bill, and I feel that the amendment to s. 49.145 (3) (b) 1., with regard to excluding a dependent child's income from a family income calculation, should be effective at the same time.

These and other child care eligibility changes including the expansion of eligibility for disabled children up to age 19, exclusion of child support income, the increase in initial eligibility from 165% of the federal poverty line (FPL) to 185% FPL, and the change from gross to net income are scheduled to take effect January 1, 2000. However, they all require reprogramming of the Client Assistance for Reemployment and Economic Support System (CARES), and this system will be unavailable for reprogramming between November 1, 1999, and January 31, 2000, due to a systemwide freeze in preparation for Y2K. Furthermore, with the delayed passage of the budget, I feel the Department of Workforce Development will not have time to make the changes even without a precautionary Y2K freeze.

Therefore, I am partially vetoing this section to make all changes to s. 49.145 (3) (b) effective simultaneously and to remove the January 1 effective date in section 9457, subsections (3) and (4). I direct the Department of Workforce Development to instead make the necessary changes to the CARES system by March 1, 2000.

43. Credit Establishment and Repair

Sections 1221 and 1278g [as it relates to s. 49.175 (1) (cr)]

These sections provide funding to Milwaukee W-2 agencies for the provision of credit establishment and credit repair assistance to participants. I do not support additional funding for this purpose because W-2 agencies already perform budgeting and financial planning counseling to participants. Furthermore, concern has been expressed by many groups, including the Federal Trade Commission, that certain "credit repair" firms are achieving their ends not by helping participants learn good financial habits but by promising quick fixes.

Therefore, I am partially vetoing section 1278g to eliminate the allocation of \$3,000,000 in each fiscal year for this program. I also am requesting the Department of Administration secretary to put these funds into unallotted reserve.

Finally, I am partially vetoing section 1221. This partial veto will reinstate the requirement that any W-2 agency intending to provide credit assistance or credit repair services must submit a proposed plan to the Department of Workforce Development (DWD). With this particular veto, DWD can ensure that no W-2 agencies contract with disreputable credit repair firms.

44. Campaign for a Sustainable Milwaukee

Section 1278g [as it relates to s. 49.175 (1) (zi)]

This section allocates \$300,000 to the Campaign for a Sustainable Milwaukee (CSM) in fiscal year 1999-2000 from the Temporary Assistance for Needy Families (TANF) block grant. CSM has indicated their organization is not prepared to use these funds and have recommended the return of this \$300,000 to the general workforce attachment fund.

Furthermore, if CSM provides services for TANF-eligible individuals, any W-2 agency may contract with this organization separately. Therefore, I am partially vetoing this section, eliminating the allocation for this agency. I also am requesting the Department of Administration secretary to place these funds into unallotted reserve.

45. Milwaukee Jobs Initiative

Section 1278g [as it relates to s. 49.175 (1) (zm)]

This section allocates \$100,000 PR-F in each fiscal year for the Milwaukee Jobs Initiative, Inc. (MJI). I object to making this allocation ongoing and feel a one-time allocation is more appropriate. Therefore, I am partially vetoing this section, instead allocating \$100,000 for MJI on a one-time basis. I also am requesting the Department of Administration secretary to place the \$100,000 in fiscal year 2000-2001 into unallotted reserve.

46. Runaway Services

Sections 397m, 397r and 1278g [as it relates to s. 49.175 (1) (ze) 4.]

This provision transfers funding from the Temporary Assistance for Needy Families (TANF) block grant to the Department of Health and Family Services to distribute \$150,000 annually in grants to programs that provide services for runaway children.

In the budget, I created a Community Youth Grant program in which the Department of Workforce Development will award grants on a competitive basis to organizations providing services to TANF-eligible youth. Any organization that provides services to runaway children would be eligible to compete for a grant under this new program. Furthermore, W-2 agencies may contract separately with any organization that provides these services to TANF-eligible youth. Therefore, I am partially vetoing these sections, eliminating a separate TANF allocation for a runaway services program. I also am requesting the Department of Administration secretary to place these funds into unallotted reserve.

47. Joint Committee on Finance TANF Expenditure Review Authority

Section 1278g [as it relates to s. 49.175 (2)]

This section eliminates the current Department of Workforce Development (DWD) authority to transfer 10% from one allocation under s. 49.175 (1) to another allocation for a specified purpose with Department of Administration (DOA) approval. It would institute a process whereby any redistribution of funds between DWD allocations would require approval from DOA and the Joint Committee on Finance (JCF).

The transfer authority, which exists under current law, allows DWD flexibility in making adjustments to its public assistance allocations which are funded primarily by GPR and the federal Temporary Assistance for Needy Families (TANF) block grant. This flexibility is necessary in maintaining DWD's ability to manage and respond to changes that are needed in the W-2 program.

Under current law, two sets of statutes govern the use of TANF funds – the federal block grant review language under s. 16.54 (2) (a) 2. and the allocations, established by the Legislature in the 1997-1999 biennial budget, under s. 49.175. Because these statutes overlap and are occasionally contradictory, my budget proposal tried to strike a new, more workable balance between the Legislature's legitimate desire to oversee the use of TANF and DWD's need for some flexibility in managing these programs. As such, under my budget TANF was exempt from federal block grant review. However, the Legislature retained oversight of the use of TANF through the s. 49.175 allocations. In addition, I changed the TANF block grant from a continuing to an annual appropriation so that JCF approval would be needed before any TANF not appropriated by the Legislature could be expended. I believe this proposal struck the correct balance because it retained the flexibility for DWD to transfer up to 10% from one allocation to another without Legislative review.

Unfortunately, the Legislature removed the 10% transfer flexibility and consequently upset this balance. I am partially vetoing this provision to eliminate JCF review of all transfers between allocations. DOA review of any transfers will continue. Furthermore, I direct DWD to not request any redistribution which exceeds its authority under current law to transfer 10% of any s. 49.175 allocation for a specified purpose with DOA approval. I would be willing to support separate legislation to restore JCF review to any transfer greater than 10%.

48. Administration of Medical Assistance

Sections 466, 1356m, 1356n, 1373v, 1460m, 9101 (18m), 9157 (2p) and 9423 (10m)

These sections transfer responsibility for Medical Assistance (MA) eligibility administration and the management of the Client Assistance for Reemployment Economic Support System (CARES) from the Department of Workforce Development (DWD) to the Department of Health and Family Services (DHFS) effective March 1, 2000. In addition, the Department of Administration (DOA) is directed to identify the exact number of full-time equivalent (FTE) positions and dollars that should be transferred and to submit this information to the Joint Committee on Finance for action at its December s.13.10 quarterly meeting.

Under current law, DHFS sets MA policy and DWD has responsibility for income maintenance (IM) administration. IM is another term for eligibility determination of the major public assistance programs. Consequently, DWD manages the CARES system, on which eligibility is determined for W-2, MA, BadgerCare, food stamps and child care. While CARES is the primary administrative tool used by DWD and the W-2 agencies to manage cases of public assistance recipients, to compile data for research and statistics, and to generate required quarterly and annual reports for submittal to the federal government, it also plays an important role in determining eligibility for the MA program. Finally, DWD also manages the local IM contract and provides services like training and manual writing to the counties, tribes and W-2 agencies.

Given the overwhelming success of welfare reform, it is now appropriate to follow-up with some reform of MA administration. However, I am not convinced that it is necessary, at this point in time, to transfer the management of the CARES system from one department to another or split the administration of public assistance programs in the manner proposed under the bill. I am, therefore, partially vetoing these sections to remove these requirements.

To improve the current arrangement between the two departments, I am retaining language that directs the DOA secretary to submit a report to my office which details the FTE positions and funds that are involved in MA administration. In addition, I am directing that DWD move the management of the CARES system to the Bureau of Information Technology in the Administrative Services Division of DWD and that DOA become more involved in setting the priorities for work on the system especially in areas that support more than one public assistance program.

Second, I am directing DOA to place all of the IM funds in unallotted reserve. DWD and DHFS will determine the funding and FTE positions related to state-level activities, CARES administration and local IM contracts that are billed to MA, W-2, food stamps and child care. Further, DOA, working with the two agencies, should develop a plan for withdrawing the funds from unallotted reserve and allocating the FTE positions between the agencies. Once a spending plan has been agreed to by all three agencies, I am directing DOA to oversee the transfer of the agreed upon FTE positions and funding related to MA administrative activities to DHFS. The plan will also address separation of contracts at the local level.

Through these actions, my intent is to improve the ability of DHFS to ensure that MA functions as effectively as possible at both the state and local level and to balance the priorities of both agencies and my administration.

49. Unified Program Eligibility

Section 9157 (3e)

This provision requires the Department of Workforce Development (DWD) to coordinate with the Department of Health and Family Services (DHFS) and the Department of Public Instruction (DPI) to develop and implement a plan for a simplified application process for low-income families applying for Medical Assistance, BadgerCare, Food Stamps, reduced and free school lunches, and the supplemental food program for Women, Infants and Children (WIC). These agencies would have to submit this plan to the Joint Committee on Finance for a 14-day passive review process prior to implementing the new application process.

The application for these programs is currently handled by the Client Assistance for Reemployment and Economic Support System (CARES), a computerized system which can determine eligibility for all programs through one application. DWD, DHFS, and representatives of local government have already worked to develop a new application process in CARES for Medical Assistance, BadgerCare, W-2, Food Stamps and child care assistance.

In their proposal, these departments did not include a discussion of school lunches or WIC benefits because they are not part of the CARES system. These programs have much simpler applications than other assistance programs and adding the applications for these programs into a streamlined application for other public assistance programs could significantly burden those individuals who only want WIC or free and reduced school lunch and those organizations which accept applications for school lunches or WIC.

Because a simplified application process has already been developed and because the proposal in this bill could complicate applications for school lunches and WIC, I am vetoing this section. However, I direct the departments to develop a report detailing the findings of their work group and share that report with the Co-Chairs of the Joint Committee on Finance.

50. Public Assistance Eligibility Determination

Section 9123 (7w)

This provision requires the Department of Workforce Development and the Department of Health and Family Services to make improvements to the Client Assistance Reemployment and Economic Support (CARES) system such that individuals applying for more than one assistance program could have their eligibility determined for each program independently of their eligibility determinations for other programs.

CARES collects a general set of personal information when individuals apply for public assistance. This system uses that information to determine eligibility for an array of public assistance programs, but eligibility for each program is currently determined independently of eligibility for other programs. Because CARES already functions in the way specified by this provision, I am vetoing this section and removing the provision requiring these two departments to change the CARES system.

51. Medical Assistance Outstationing

Section 1361v

This section requires counties to provide outstationed Medical Assistance (MA) eligibility workers the necessary security clearance to review and update information on existing records in the Client Assistance for Reemployment and Economic Support (CARES) system that have been assigned to other caseworkers. The Department of Health and Family Services has already implemented administrative procedures to address the concern that MA recipients cannot get immediate service when they go to outreach locations. Because a change in law is not required to make these administrative adjustments, I am vetoing this section and removing this additional proposed change to the CARES system.

52. Public Assistance Funerals and Burials

Sections 1355wb and 9423 (14d)

Under the bill, the maximum amount of unpaid funeral and burial expenses of public assistance recipients for which state reimbursement is provided increases from \$1,000 to \$1,500 on January 1, 2001, and to \$2,500 on July 1, 2001. Funds to cover these increases have only been provided for the last six months of the 1999-2001 biennium.

Because these provisions would commit the state to increased general purpose revenue expenditures in the next biennium, I am vetoing section 1355wb and the effective date for this provision in section 9423 (14d). This veto will permit the first reimbursement increase from \$1,000 to \$1,500, but will strike the second increase to \$2,500.

53. Public Assistance Overpayments

Section 1340

This section amends current law by requiring a county, tribal governing body, W-2 agency or the Department of Workforce Development (DWD) to determine whether overpayments of public assistance have been made and, if so, the amount of the overpayment. The bill would require notification of that overpayment to the public assistance recipient in question, and it would prevent any agency from recovering overpayments resulting from departmental error.

Regardless of the source of the error, recipients of an overpayment obtained assistance to which they were not entitled. For the same reason a financial institution can recover incorrect interest credits to accounts, the department should be able to recover overpayments. Therefore I am partially vetoing this section in order to allow DWD to collect any overpayments regardless of how the error occurs.

54. Legal Custody and Physical Placement of Children

Sections 3054cg, 3054ch, 3054cs, 3054cw, 3054de, 3065cq, 9357 (9yo) and 9457 (7yo)

A Conference Committee amendment to the budget made significant changes to the statutory law governing the legal custody and physical placement of children. Among the changes were the creation of a presumption that joint legal custody is in a child's best interests. Other provisions encourage courts to award maximum physical placement to both parents. I feel these changes are consistent with the idea that both mothers and fathers should maintain important roles in their children's lives. While I agree with most of the provisions, some sections will require additional work and public input.

Physical Placement Schedules and Parental Agreement. This section creates a presumption that any proposal submitted to the court with respect to periods of physical placement that has been voluntarily agreed to by the parties is in a child's best interests. This presumption would be notwithstanding the factors the court normally may consider when awarding physical placement to parents.

Currently, two parties agreeing to a physical placement schedule often have that schedule approved by the court. Instances may arise, however, when an agreed upon schedule may not be in a child's best interests, and this section would prevent the court from reviewing such agreements. It would also prevent reviews even if evidence of abuse in the family was apparent. Therefore, I am vetoing section 3054cs and removing the presumption that schedules based on parental agreement are in the child's best interests.

Right of the Child to Placement. This section creates a right of a child to the same amount or substantial periods of physical placement with each parent. Under current law, any placement schedule is evaluated against the standard of what is best for a child. Also under current law, a child is already entitled to periods of physical placement with

both parents unless the court determines placement with a parent may be harmful to the child.

Another change introduced creates a goal for the court to award regularly occurring and meaningful periods of physical placement which maximizes the amount of time each parent may spend with a child. I feel this latter change is sufficient to encourage courts to award as much placement as possible to each parent in accordance with what is best for a child. Creating a right of a child, however, goes too far and I object to the use of the budget bill to create new rights for children. If such a right exists, it should receive additional public and legislative review. Furthermore, by framing this issue in terms of a right, this section could arguably override the best interest standard. Therefore, I am vetoing section 3054cw and removing this right.

Enforcement of Physical Placement Injunctions. This section allows a law enforcement officer who has established probable cause to arrest and take into custody an individual who has violated an injunction related to periods of physical placement. Before arresting a party, an officer would have to determine that this violation was intentional and unreasonable. Based on this subjective determination, an officer could arrest a parent without a judicial warrant. I feel this section places a burden upon local law enforcement to determine whether or not a denial of placement is unreasonable.

Courts already have the authority to penalize individuals who violate such injunctions. Therefore, I am partially vetoing section 3054de and removing the provision that permits law enforcement officials to arrest violators of placement injunctions.

Temporary Orders in Paternity Actions. These sections require a court to make temporary orders for medical expenses, legal custody and physical placement when a genetic test shows with 99.0% or higher probability that the alleged father is the parent. Under current law, courts shall assign support and may assign medical expenses when genetic tests show probable paternity.

A temporary order is issued before a final judgement of paternity, and I object to requiring courts to assign custody and placement before a legal relationship between a child and father has been adjudicated. Therefore, I am vetoing sections 3054cg, 3054ch and 3065cq and removing the requirement that courts assign legal custody, physical placement and medical expenses. This veto will return the statutes to current law whereby the court shall assign child support and may assign medical expenses once a genetic test shows probable paternity.

Initial Applicability and Effective Dates. Finally, I am partially vetoing sections 9357 and 9457 to remove the references to all of the vetoed sections listed above from the initial applicability and effective date sections of the bill.

55. Family Literacy Grants

Section 1277g

This section specifies that literacy grants awarded by the Department of Workforce Development (DWD) shall be given only to organizations providing family literacy training. In my budget, I allocated funding for these grants from the Temporary Assistance for Needy Families (TANF) block grant. I object to the language added by the Legislature because it would prevent organizations from using these funds to provide adult-only literacy training. Furthermore, I feel this language is unnecessary. Any individual benefiting from these programs must be TANF-eligible, ensuring that organizations only provide services to families. Therefore, I am partially vetoing this section and eliminating the language which allows the funds to be used only for family literacy.

56. Prevailing Wage Law – Contractor Records

Sections 1618m, 2005f and 2005g

Sections 1618m, 2005f and 2005g change the prevailing wage law regarding contractor records. These sections would classify the payroll records of any contractor, subcontractor or agent thereof that works on a public works project as a public record. As a public record, any person could request to inspect and copy those records to the same extent as if those records were in the custody of the state. Under current law, any person can request the Department of Workforce Development (DWD) or the Department of Transportation to inspect the records of any contractor, subcontractor or agent thereof who works on a public works project. Once these records are in the possession of the state they are public records.

I am vetoing these sections because a more suitable forum to address prevailing wage laws would be DWD's Labor and Management Council. Since both labor and management are represented on the council, it is a more appropriate vehicle for reaching a mutually acceptable compromise.

57. Reorganization of the Division of Vocational Rehabilitation

Section 9157 (2nx)

Section 9157 (2nx) requires the Division of Vocational Rehabilitation (DVR) in the Department of Workforce Development (DWD) to submit to the secretary of DWD a plan to reorganize the division not later than June 30, 2001. The reorganization plan must include a reduction in the number of program assistant supervisors and an increase in the number of program assistants to provide support for rehabilitation counselors. The plan must also include a provision to convert vacant program assistant supervisor positions to rehabilitation counselor positions or other direct service positions in areas with high caseloads.

I am vetoing section 9157 (2nx) to eliminate these restrictions on DVR's reorganization plan. While I agree that DVR should focus its resources on serving its clients, determining the organizational structure of executive agencies is appropriately an executive branch responsibility.

58. Transition to Workforce Investment Act

Section 9157 (2xt) (b) 2

I am partially vetoing section 9157 (2xt) to bring Wisconsin's transition to the Workforce Investment Act into compliance with federal law. Section 9157 (2xt) (b) 2 incorrectly identifies the Governor as the appointing authority for local workforce development boards. Members of local workforce development boards are appointed at the local level.

D. JUSTICE

CIRCUIT COURT

1. Family Court Counseling Fee

Sections 3096m and 9309 (3t)

These provisions increase the family court counseling service fee for custody and physical placement studies from \$300 to \$500. A court orders these studies when a custody or placement case has been contested.

I am vetoing these provisions because the fee increase is excessive, has not been justified and may inhibit involved parties from exploring their full range of legal options.

CORRECTIONS

2. Inmate Telephone Solicitation and Access to Personal Information

Sections 2165rx, 2165rz, 2313m, 2313u, 2313y and 2689

These provisions prohibit the Department of Corrections from entering into a contract in which an inmate performs data entry or telemarketing services and has access to any personal identifying information. Personal identifying information is defined to include an individual's name, address, telephone number, driver's license number, social security number, employer or place of employment, an identification number assigned to an individual by his or her employer, the maiden name of an individual's mother, and the numbers of certain types of bank accounts. These provisions also require an inmate making a telephone solicitation or answering a toll-free number to state his or her name, state that he or she is a prisoner, and inform the caller or call recipient of the name and location of the correctional facility in which he or she is a prisoner. Finally, these provisions impose penalties on the inmate and the inmate's employer for violations of these provisions.

I am vetoing some of these sections in whole and one in part because these provisions impose excessive restrictions that merit further review. Specifically, I am partially vetoing section 2689 so that the provision as vetoed will protect citizens by prohibiting inmate access to social security numbers, financial data and information that could serve to identify a juvenile. I believe this language as vetoed should adequately protect privacy while still providing inmate work opportunities and decreasing inmate idleness. However, I am also asking the Governor's Task Force on Privacy to review and make recommendations regarding the need for any additional safeguards in this area.

3. Private Business/Prison Employment Program

Sections 359g, 359r, 361m, 491m, 2029y, 2718e, 2718em, 2718g, 2718h, 2718L, 2718p, 2718qm, 2718v, 2718y, 9111 (2d) and 9411 (5d)

These provisions require the Department of Corrections and the Department of Administration to submit a report to the Joint Committee on Finance for each quarter of calendar year 2000 providing the Department of Corrections' cash balance summary under each private business prison contract. The 4th quarter report is required to state whether at least two-thirds of the private business prison contracts were profitable during calendar year 2000. "Profitable" is defined as making a profit in three out of four quarters in calendar year 2000. These provisions require the Department of Corrections to terminate the private business employment program if less than two-thirds of private business prison contracts were profitable. These provisions require any modification of the site location under a private business prison contract to be approved by the Joint Committee on Finance.

I am vetoing these provisions in whole or in part because the Department of Corrections already prepares quarterly and annual reports that include the cash balance, revenues and expenditures of each private business contract. Profitability should be based on total business for a calendar year, not quarters. Also, these provisions fail to account for start-up costs of new industries that would begin in calendar year 2000. The two-thirds criterion is ambiguous in the case of fewer than three private business/prison employment projects. Finally, the requirement that any modification of site location under a private business prison contract must receive Joint Committee on Finance approval limits the Department of Corrections' flexibility to efficiently manage the program.

4. Community Intervention Program

Sections 172 [as it relates to s. 20.410 (3) (f)] and 2709r

These provisions increase the community intervention program appropriation from \$3,750,000 GPR to \$5,000,000 GPR in each fiscal year of the biennium.

I am vetoing these provisions because a 33% increase in this program is too large. By lining out the department's appropriation under s. 20.410 (3) (f), which funds this program and writing in a smaller amount, I am vetoing the part of the bill that funds an increase of \$1,250,000 GPR in each fiscal year. I am also requesting the Department of Administration secretary not to allot the \$1,250,000 GPR saved each fiscal year from this veto. It should also be noted that the budget bill as I am signing it increases funding for juvenile justice programs by \$10,200,000 GPR for the biennium, including a \$6,000,000 increase in youth aids.

5. Serious Juvenile Offender Program

Section 172 [as it relates to s. 20.410 (3) (cg)]

This provision increases the serious juvenile offender appropriation under s. 20.410 (3) (cg), by \$1,160,200 GPR in fiscal year 1999-2000 and \$3,593,900 GPR in fiscal year 2000-2001.

I am partially vetoing this provision to reflect the most current population reestimates for this program. By lining out the department's s. 20.410 (3) (cg) appropriation and writing in a smaller amount that deletes \$593,900 GPR in fiscal year 2000-2001, I am vetoing part of the bill in order to fund an increase of \$3,000,000 GPR in fiscal year 2000-2001. I am also requesting the Department of Administration secretary not to allot the \$593,900 GPR in fiscal year 2000-2001.

CRIMINAL PENALTIES

6. Fiscal Estimates for Proposed Penalty Bills

Sections 1js, 1jt, 1ju

These provisions require fiscal estimates and population projections to be prepared for bills that create new criminal offenses or increase penalties for existing offenses.

I am vetoing these provisions because they are substantially similar to separate legislation and because the provisions fail to consider the resources needed to prepare the fiscal estimates.

The Criminal Penalties Study Committee (CPSC) has recently issued a report recommending the establishment of a permanent Sentencing Commission. One function of the Sentencing Commission will be to work with the Legislative Fiscal Bureau to project the fiscal impact of any proposed new criminal laws. The CPSC report recommendations, including the creation of the Sentencing Commission, are included in legislation currently being considered by the Legislature.

In addition, the Department of Corrections (DOC) does not currently have sufficient information technology resources or enough reliable data to generate accurate fiscal and population estimates. These provisions do not provide additional funding or position authority to DOC to assist the department in preparing fiscal estimates. As outlined by the CPSC report, a Sentencing Commission would be provided with resources to monitor sentences, carry out sentencing studies, collect data and predict prison populations utilizing both Circuit Court Automation Program (CCAP) and DOC databases.

The Assembly has adopted an amendment to the CPSC report that outlines a joint review committee on criminal penalties. The proposed committee would be responsible for reviewing proposed penalty changes and estimating costs for DOC, the Department of Justice, the state public defender, the courts, district attorneys, and other state and local government agencies.

DISTRICT ATTORNEYS

7. Additional Prosecutor Positions

Sections 172 [as it relates to s. 20.475 (1) (d)] and 9101 (3d)

These provisions authorize GPR expenditures of \$631,800 in fiscal year 1999-2000 and \$841,800 in fiscal year 2000-2001 to fund an additional 17.40 FTE assistant district attorney (ADA) positions annually in Adams, Chippewa, Dane, Jefferson, Kenosha, La Crosse, Manitowoc, Marathon, Milwaukee, Outagamie, Oneida, Portage, Rock, Sauk, Sheboygan and Winnebago Counties and bring the Forest County elected district attorney (DA) to full-time. Section 9101 (3d) specifically increases position authority in La Crosse County by 0.50 FTE and Sauk County by 1.0 FTE by decreasing position authority in Milwaukee County by 1.25 FTE and Columbia County by 0.50 FTE.

I am vetoing these provisions because we cannot afford these additional positions when we have serious fiscal pressures facing us in the next biennium. Furthermore, the budget addresses various personnel needs of Wisconsin's DA offices through 6.0 FTE additional prosecutors for gun violations, the conversion of several critical positions to permanent status and increased funding to further automate DA offices. In addition, the transfer of position authority between county district attorney offices represents an unnecessary burden on those offices that would be reduced.

By lining out the s. 20.475 (1) (d) appropriation and writing in a smaller amount that deletes \$631,800 GPR in fiscal year 1999-2000 and \$823,500 GPR in fiscal year 2000-2001, I am vetoing the part of the bill that funds the additional ADA positions that were provided by these amendments. I am also requesting the Department of Administration secretary not to allot these funds.

It is my intent to provide 0.40 FTE position authority to increase the elected DA of Forest County to full-time. Therefore, the s. 20.475 (1) (d) appropriation amount includes \$18,300 GPR in fiscal year 2000-2001 to enable this increase effective on January 1, 2001, with the calendar year 2000 general election. It should be noted that 53 assistant district attorney positions have been added since the state began funding these positions in 1989, which is a 16% increase.

8. Bureau of Justice Information Systems

Section 115

This provision directs the Department of Administration's Bureau of Justice Information Systems (BJIS) to use the Legislative Audit Bureau's weighted district attorney caseload methodology to determine the priority ranking for implementing computer automation and technical assistance to county district attorney offices.

I am vetoing this provision in part because BJIS needs flexibility to effectively manage the implementation of its computer automation systems. Other factors such as

determining which district attorney offices are in need of or are prepared for automation need to be considered, and reliance on the workload study methodology is too limiting.

JUSTICE

9. Training for Tomorrow

Sections 172 [as it relates to s. 20.455 (2) (ja)] and 9130 (1t)

As part of the distribution of funds from the penalty assessment surcharge, these provisions affect the creation of 2.50 FTE positions and place \$388,100 PR-S in fiscal year 1999-2000 and \$345,100 PR-S in fiscal year 2000-2001 in s. 20.455 (2) (ja) in unallotted reserve to begin Training for Tomorrow – a plan to revise and expand law enforcement training throughout the state. Approval of this provision is subject to the Joint Committee on Finance's 14-day passive review process of a plan submitted by the Department of Justice.

I am vetoing these provisions because they do not allow for the full review of funding and staffing issues that this plan deserves. Numerous law enforcement agencies have contacted my office to request this veto and have expressed their concern over a lack of consensus regarding the Training for Tomorrow plan. Because of the complexity of this issue and its potential impact on the law enforcement community, Training for Tomorrow should be introduced as separate legislation. Funding and resources for this purpose should only be approved following its complete review as a stand-alone bill.

By lining out the s. 20.455 (2) (ja) appropriation and writing in a smaller amount that deletes \$388,100 PR-S in fiscal year 1999-2000 and \$345,100 PR-S in fiscal year 2000-2001, I am vetoing the part of the bill that places these funds in unallotted reserve in that appropriation and authorizes 2.50 FTE positions. I am also requesting the Department of Administration secretary not to allot these funds.

10. Collection of Information at Motor Vehicle Stops

Section 2289t

This section requires law enforcement officers to collect certain information during motor vehicle stops pertaining to the driver's age, gender, race or ethnicity, the nature of any search of the vehicle, and whether a citation or warning was issued. This information is intended to examine the presence of "racial profiling" – the practice of targeting motorists on the basis of their race or color.

I am vetoing this section because it creates an unfunded burden on local law enforcement and the Department of Justice. Law enforcement says that of every four motor vehicle stops, one generally results in a citation. According to the Department of Transportation, more than 1.1 million citations were issued in 1998. This means it would cost law enforcement 250,000 hours to complete the approximately 3 million additional reports if they spend a mere 5 additional minutes completing each required report. While

a study as to whether racial profiling exists in Wisconsin is important, this provision's manpower price is too great.

State law enforcement, almost as one voice, has also raised concerns over the fiscal consequences that would come with an additional 3 million reports to be collected and filed. Law enforcement also raises the very valid issue of officer safety, as an officer is most vulnerable when standing alongside a vehicle stopped at the side of a road. This provision would significantly increase this exposure, thus putting our law enforcement members in greater danger.

While I am vetoing this provision, I must also emphasize I do not condone the practice of racial profiling. Therefore, I will create a task force to investigate this issue to more efficiently determine whether Wisconsin law enforcement engages in racial profiling.

11. Telecommunications Advocate

Sections 172 [as it relates to s. 20.455 (1) (kt)], 480m and 2336gm

These sections convert 1.0 FTE attorney position from project to permanent status and authorize related expenditure authority. These sections also extend the sunset date for the Public Service Commission's (PSC's) authority to assess utilities for the cost of this position from June 30, 1999, to June 30, 2001.

I am vetoing the sections related to the telecommunications advocate position and the related assessment on utilities because it is unnecessary to dedicate an attorney position at the Department of Justice exclusively to telecommunications issues. Furthermore, assessing utilities to cover the cost of this position results in a pass-through to customers that increases costs for all telephone consumers.

By lining out s. 20.455 (1) (kt) and writing in zero, I am vetoing the part of the bill funding the 1.0 FTE attorney position dedicated to this purpose. I am also requesting the Department of Administration secretary not to allot \$119,200 PR-O in each fiscal year.

By vetoing the sections relating to the sunsets for the s. 20.455 (1) (kt) appropriation and the authority of the PSC to assess utilities for the costs of the position, I am retaining the June 30, 1999, sunset of both the telecommunications advocate position and the authority of the PSC to assess utilities for the cost of the position.

The Attorney General will continue to have the authority to appear before the PSC on telecommunication matters related to consumer protection and antitrust until the newly established sunset date of June 30, 2001.

12. Wausau Crime Lab Expansion Study

Section 9101 (5g)

This provision directs the Department of Administration (DOA) to perform a study to assess the feasibility of expanding the Wausau crime lab to include a DNA/serology unit. The study is to be completed by December 31, 1999.

I am vetoing this provision because introducing DNA capabilities at the Wausau crime lab is an unnecessary duplication of services and expensive equipment. The existing DNA resources at the state crime labs in Madison and Milwaukee have been sufficient to provide commendable service to prosecutors and law enforcement agencies throughout the state.

In addition, the December 31, 1999, deadline would not permit enough time to compile a meaningful report, and the study would represent an unfunded demand on DOA.

13. Report on Environment Enforcement Training

Section 9158 (8c)

This provision directs the Department of Justice (DOJ) and the Department of Natural Resources (DNR) to jointly review educational and training objectives from the Midwest Environmental Enforcement Association (MEEA). The agencies would submit a report of their review to the Joint Committee on Finance during the second quarterly s. 13.10 meeting in 2000.

The report would include recommendations on developing a training seminar, utility of the current Roll Call Law format, production of a training CD-ROM, use of distance education, and potential funding sources including the fish and wildlife account and environmental account funds from DNR and law enforcement training funds from DOJ.

I am vetoing this provision because this study represents an unfunded and unnecessary demand on DOJ and DNR. The two agencies already interact through the participation of DNR on the Law Enforcement Standards Board under DOJ. The board sets minimum training standards for law enforcement officers and consults with other government agencies regarding the development of training courses. Additionally, the early 2000 deadline would not permit enough time to compile a meaningful report.

14. Methamphetamine Intelligence Analyst

Section 172 [as it relates to s. 20.455 (2) (a)]

This provision appropriates \$154,600 GPR in fiscal year 1999-2000 and \$233,200 GPR in fiscal year 2000-2001 to fund 1.0 FTE GPR program and planning analyst and 3.0 FTE GPR special agent positions starting in January 2000 to investigate methamphetamine manufacturing and trafficking.

While I support the earlier start date for the special agent positions, I am partially vetoing this section to delete the analyst position because it is less critical to the effective investigation and direct enforcement of methamphetamine manufacturing, use and trafficking. By lining out the s. 20.455 (2) (a) appropriation and writing in a smaller amount that deletes \$32,100 GPR in fiscal year 1999-2000 and \$64,200 GPR in fiscal year 2000-2001, I am vetoing the part of the bill that funds the 1.0 FTE GPR program and planning analyst position. I am also requesting the Department of Administration secretary not to allot these funds. I am also directing the Office of Justice Assistance to explore ways to allocate additional money to help local law enforcement agencies with this problem.

OFFICE OF JUSTICE ASSISTANCE

15. Grants Specialist Position Report

Section 9101 (7f)

The budget bill creates a new grants specialist position in the Office of Justice Assistance (OJA) with the goal of increasing the amount of federal and private grant funds available to state agencies, local governments and nonprofit groups. Statutory language in this section requires OJA to submit a report to the Legislature no later than January 1, 2001, detailing the accomplishments of the position and grants received attributable to the position's efforts.

I am partially vetoing this section in order to eliminate the January 2001 reporting requirement because this provision represents a long-term investment for the state, local governments and nonprofit organizations. A report covering such a short time period would not accurately represent the full benefit of this position and its efforts.

STATE PUBLIC DEFENDER

16. Representation in Children in Need of Protective Services (CHIPS) and Juveniles in Need of Protective Services (JIPS) Cases

Sections 1130m, 1130p, 1130r, 1130t, 1130v, 1131gm, 3130m, 3131m, 3142g, 3142m, 3142p, 3143m, 3148m, 9358 (4cs) and 9358 (4ct)

These provisions require the State Public Defender to represent parents in CHIPS and JIPS cases. This requirement is estimated to increase the private bar costs of the State Public Defender by \$2,726,500 GPR over the biennium, yet no additional funding is provided to the State Public Defender's office.

I am vetoing these provisions in whole or in part because of the significant unfunded cost created by these provisions for the State Public Defender's office. Specifically I am partially vetoing section 3142p to delete State Public Defender representation of parents and partially vetoing sections 9358 (4cs) and 9358 (4ct) to delete the initial applicability dates for legal representation of parents in CHIPS and JIPS cases.

SUPREME COURT

17. Appropriation Modifications

Sections 172 [as it relates to ss. 20.680 (2) (a) and 20.680 (4) (a)], 602m and 605m

These provisions convert the general program operations appropriations for the director of state courts and the law library from annual to biennial appropriations.

I am vetoing these provisions in order to maintain the stricter fiscal controls provided under annual appropriations and to continue to adequately monitor appropriation expenditures.

E. STATE GOVERNMENT OPERATIONS

ADMINISTRATION

1. Consolidation of State Vehicle Fleet Operations

Section 9158 (1d)

This section requires the Department of Administration to submit to the Joint Committee on Finance implementation plans to consolidate the Department of Natural Resources, Department of Transportation and University of Wisconsin fleet operations into the Department of Administration fleet.

I am pleased that the Legislature adopted my recommendation regarding the study of consolidating state fleets. However, due to the late passage of the budget, requiring submission of the first plan at the December 1999 meeting of the Joint Committee on Finance under s. 13.10 is not achievable. The Department of Administration will require additional time to prepare a suitable plan. I am therefore vetoing the part of this section which requires submission of the first plan by December 1999. The secretary of the Department of Administration will present this plan for the first regular meeting of the Committee under s. 13.10 in calendar year 2000.

2. State Vehicle Purchase

Section 9201 (3m)

This provision requires the secretary of the Department of Administration to lapse a total of \$230,000 to the general fund in fiscal year 2000-2001 from the fleet vehicle appropriations of four state agencies. This is intended to delete anticipated savings from these agencies' use of smaller four-cylinder automobiles rather than six-cylinder fleet cars. I object to this requirement because I do not believe four-cylinder fleet vehicles are necessarily adequate in all circumstances nor are they always less expensive when full operating costs are taken into account. This provision would also have a negative effect on my Alternative Fuels program. For these reasons I am vetoing this lapse requirement.

3. State Agency Dues Lapse

Section 9158 (10g)

This provision requires each state agency to lapse 10% of its fiscal year 1998-1999 expenditures for dues and memberships in state or national organizations. I object to this across-the-board provision as an intrusion into the operations of agencies and I am vetoing it. However, I am sensitive to the Legislature's interest in the resources which are being committed for these activities and I agree there should be an assessment. For this reason, I will request each agency to review the dues they are currently paying and

to present this information to the Office of the Governor for evaluation. The agency will need the approval of the Governor's Office to keep their memberships. I believe this is a better approach for reducing unnecessary costs.

4. Federal Interest Reimbursements

Sections 79e, 172 [as it relates to s. 20.855 (1) (dm)], 613g, 9101 (19f) and 9201 (2f)

This provision requires that any interest payments received by the state from the federal government be recorded as GPR-earned and that payments to the federal government on interest owed be made from a new GPR sum sufficient appropriation. The Department of Administration (DOA) is further required to lapse to the general fund a balance of \$1,300,000 from the program revenue appropriation that is currently used for interest payments and receipts administered by DOA.

While I concur that federal interest receipts and obligations should be treated differently than they are now, I believe the approach included in the budget bill inadvertently applies too broadly and will affect more than just the grants administered by DOA. Because I do not believe it was the Legislature's intent to affect federal interest transactions in other state agencies such as the University of Wisconsin System, I am partially vetoing this provision to retain the current method of accounting. However, consistent with the language which is retained in the bill, the secretary of DOA will lapse to the general fund the current balance of \$1,300,000, less administrative expenses, from the program revenue appropriation used to receive federal grants. I further request the department to propose a solution in the budget adjustment bill which will better implement the original intent.

5. Census Awareness Program

Section 9101 (19wx)

This section authorizes a program for providing grants to municipalities and associations for educational programs designed to ensure a complete and accurate 2000 federal census in Wisconsin. One provision of the program requires the secretary of the Department of Administration to solicit, receive, review and approve grants from qualified applicants within 30 days after the budget is effective. I do not believe all of this can be accomplished within that short period of time and I am vetoing this deadline. This will allow the more time to do a quality job in soliciting and processing grant requests.

6. National and Community Service Board – Technical

Sections 511, 532, 534 and 535

These sections are erroneous provisions related to the National Community Service Board that were inadvertently retained from an earlier version of the

budget bill. I am vetoing these sections to remove these errors and improve the clarity of the budget.

BUILDING PROGRAM

7. Restrictions on Acquisition of Leases

Sections 2t, 3d, 3h, 649m, 649n, 2030m, 2033m, 2353s, 3191d, 3191e, 3191f, 3191g, 9101 (18v) and 9307 (1x)

These provisions prohibit the state from entering into a lease-purchase agreement that contains an option for the state to purchase a building constructed for purposes of initial occupancy by the state, unless construction and purchase of the facility is enumerated in the state building program prior to entering into the lease-purchase agreement. In addition, these provisions require the seller or lessor under any such lease-purchase agreement to agree to solicit bids or competitive sealed proposals in accordance with procedures for state-constructed facilities under current law; to require contractors to ensure that at least five percent of the total amount expended on construction of the facility be awarded to minority businesses and to comply, and to require contractors and subcontractors to comply, with the prevailing wage law in the same manner as a state agency and its contractors and subcontractors are required to comply for a state-constructed facility under current law. These provisions also require the Department of Administration to enforce minority contracting requirements and require the Department of Workforce Development to enforce the prevailing wage requirements.

I am vetoing these provisions in their entirety because they place unnecessary restrictions on the Building Commission's ability to sign lease-purchase agreements on behalf of the state. The Legislature is represented on the Building Commission and is fully aware of lease-purchase agreements as they are considered and signed by the Building Commission

8. Agency Work Plans for Capital Building Maintenance

Sections 3hg and 105m

These sections require each agency to prepare a work plan for expenditure of maintenance funds appropriated under agency operating budgets. They also allow the Department of Administration (DOA) to check timing of plans and withhold funds, require Building Commission approval of agency work plans, and require DOA to submit a report concerning the expenditure of capital building maintenance funds by each agency and work completed by each agency in relation to their work plan.

I am vetoing these sections because while requiring agencies to prepare a work plan for capital maintenance funds appropriated in their operating budgets has merit, agency staff have many other responsibilities in maintaining state buildings and their energies are best used for these other functions.

9. State Fair Park Racetrack Projects

Sections 9107 (7tu), 9107 (7tv) and 9145

These provisions require that the State Fair Park Board approve a racetrack seating project before the Building Commission may approve the project. They also require the State Fair Park Board to submit a noise abatement plan to the Joint Committee on Finance, and require approval of a noise abatement plan by the Committee before the Building Commission may approve racetrack improvement projects.

I believe the Building Commission should remain the sole state government body responsible for oversight of building projects. I object to the requirements that these projects also be subject to the review and approval of another legislative committee. Therefore, I am vetoing these provisions.

10. Wausau State Office Facility Study

Section 9107 (8m)

This provision requires a study of the feasibility of constructing a state office facility in the Wausau area.

The Building Commission is fully able to decide if it wishes to conduct a study on the feasibility of constructing a state office facility in the Wausau area. This request in the budget bill is, therefore, unnecessary and I am vetoing it.

11. Grant to Heritage Military Music Foundation

Sections 105e, 105f, 172 [as it relates to s. 20.505 (1) (kw)], 520m, 520n, 527s, 527t and 9401 (7h)

These provisions authorize \$85,300 PR in the Department of Administration for building improvements for the Military Music Foundation. The department is required to review a building improvements estimate for the facility currently occupied by the Heritage Military Music Foundation in Watertown, Wisconsin, if requested by the foundation, and is required to provide a grant to the foundation of \$85,300 PR upon approval of the estimate.

The grant to be provided under these provisions derives from the revenues deposited in the state Division of Facilities Development from a fee assessed against building projects, including bonded projects. It is, therefore, reasonable to assume that the dollars generated to provide this grant would come from state bond revenue. I am vetoing the provision because it is inappropriate for projects of this nature to be funded from state bond revenue.

12. Design-Build Construction Projects

Sections 1580m, 1641m, 1641no and 1641q

These provisions authorize a design-build construction process and establish minority contracting requirements for certain public works projects undertaken by the Milwaukee Metropolitan Sewage District Commission (MMSD) and one project for Milwaukee County. This MMSD design-build process would only apply to central metropolitan interceptor sewer projects, any projects that are required to implement the Department of Natural Resources approved 2010 facility plan, and watercourse flood control projects for the Kinnickinnic, Menomonee and Root Rivers and Lincoln Creek. The county project is construction of a sheriff's department training academy.

The process established in these provisions would allow the selection of a design-build construction team on bases other than project cost. Moreover, they would effectively permit a sole source procurement and evaluation of a single contractor's proposal rather than a group of qualified finalists. While the design-build concept is intended to offer economies and efficiencies, I object to the extreme latitude that is permitted here and believe the ultimate result will be higher cost to the tax payer. If used properly, the design-build process can deliver cost savings. However, the evaluation of proposals must be thorough and focus on qualifications, and the selection of the winning qualified contractor must be based on price.

I am partially vetoing these provisions to limit the design-build team approach to only the Milwaukee County Sheriff's Department training academy project. It removes design-build as an option for the sewage district commission. I am uncomfortable with the relaxed statutory procurement process permitted for MMSD public works projects because of the magnitude of the dollars involved. Every project funded from taxpayer dollars should have consideration of multiple qualified contractors and the final decision from among the qualified candidates should be based on lowest price. Decisions should not be made using subjective criteria and estimates. By leaving in place authority for Milwaukee County to proceed with design-build on the training facility, I am expressing my expectation that they will fully observe these same procurement safeguards in their selection of a team.

I believe that design-build construction can bring efficiencies and cost savings in public works projects and I encourage the Legislature to consider legislation making it available to all governmental units in the state.

EMPLOYMENT RELATIONS

13. Division Administrator Appointment Authority

Section 2360m

The biennial budget modifies the statutes to reduce from four to three the total number of unclassified division administrators the secretary of the Department of Employment Relations is authorized to appoint.

I am opposed to this provision because it diminishes the secretary's statutorily established position appointment authority. Therefore, I am vetoing it.

MILITARY AFFAIRS

14. Number of Level A Regional Emergency Response Teams

Section 2303b

This provision requires the Department of Military Affairs to contract with nine Level A regional emergency response teams and requires that at least one Level A regional emergency response team be located in La Crosse County.

I am partially vetoing this provision to remove the requirement that the department contract with exactly nine teams. I am doing this to permit the Adjutant General flexibility to contract with up to nine teams, at least one of which is to be located in La Crosse County.

15. Civil Air Patrol Infrared Camera Equipment

Section 2301m

This section earmarks funding of \$110,000 GPR in fiscal year 1999-2000 to the Department of Military Affairs' Division of Emergency Management to purchase infrared optical equipment for the Chippewa Squadron of the Civil Air Patrol to search for lost individuals by air in northern Wisconsin.

I object to requiring state funds to purchase equipment to be located in a specific geographic area of the state. This sets an improper precedent resulting in less than optimal distribution of state funds for the purpose of emergency management throughout the state. Therefore, I am vetoing this section and I am requesting the Department of Administration secretary to place \$110,000 into unallotted reserve in fiscal year 1999-2000 in appropriation s. 20.465 (3) (a) to lapse to the general fund.

MISCELLANEOUS PROVISIONS

16. Legal Notices in Newspapers

Sections 3242g, 3242i and 3242m

The intent of this provision was to rectify a flaw in the statutes regarding communities that lose their local newspaper and are then forced to place their legal ads in newspapers outside their community. Currently, a newspaper in a 4th class city, town or village must publish for two years and achieve a paid subscription base of 300 before it can compete for legal notice ads. Thus, if a community loses its newspaper and another

newspaper starts up there, the new paper must wait two years before being allowed by law to publish the legal ads of that community.

The current law places an undue burden on a community already harmed by the loss of a local newspaper. The law wrongly forces a community that loses its newspaper to spend taxpayer money to place legal ads in a newspaper outside the community and, thus, not widely read by its taxpayers. In fact, the local school board or municipal council will sometimes go to the extra expense of also placing legal ads in the new, upstart community newspaper just to ensure they are read by their taxpayers. Communities should not be put in the position of going to these lengths and expenses to publish their legal ads in a manner so their constituents will read them. School board and city council elected officials should be entrusted with the decision to place legal ads in the newspaper they believe would best serve the constituents of their community. If that is a new newspaper in town this shouldn't be a problem.

The state's newspapers, however, are concerned that completely eliminating the two-year standard and the 300 subscription level would place in jeopardy other small newspapers throughout Wisconsin. While I am not persuaded that small Wisconsin community newspapers, which currently enjoy special protections from competition and the free marketplace, would be harmed as a result of this proposed change in law, I am willing to support a compromise.

The Wisconsin Newspapers Association (WNA) has agreed to compromise language that would create an exception to the existing law for a community where the only newspaper ceases to exist and a new newspaper begins publication within that community. The exception would allow a new newspaper in a community that lost its only paper to compete for legal ads after achieving 16 weeks of publication and reaching 300 paid subscribers. The WNA has committed to work with legislators to get the agreed-upon legislation to my desk for signature no later than the spring session of 2000. Therefore, I am agreeing to veto this provision in order to give the parties a chance to pass this compromise.

REGULATION AND LICENSING

17. Effective Dates

Section 9442 (1)

This provision sets the first day of the second month after publication of the bill as the effective date of fee changes for the Department of Regulation and Licensing and, in the case of one provision, October 2, 1999. Due to the delayed passage of the budget any unnecessary additional delay in revenue collections will financially harm department operations. For this reason, I am vetoing the delayed effective date so that higher fees may be collected immediately after publication of the budget. I am also vetoing the October 2, 1999, date because it is unnecessary.

VETERANS AFFAIRS

18. Staff Pay Survey Implementation

Section 9155 (3g)

This provision allows the Department of Veterans Affairs to request additional salary and fringe benefit funding from the Joint Committee on Finance under a 14-day passive review process following a classification survey that may be conducted by the Department of Employee Relations (DER) for central office staff positions who deal with loans and grants.

I am vetoing this provision because surveys should be determined and performed in an objective, systematic manner by DER. The secretary of the Department of Employee Relations should decide which surveys will be undertaken and their timing. If a survey is completed and additional funds are warranted, the Department of Veterans Affairs may seek an appropriate supplement under the normal procedures of s. 13.10 of the statutes.

F. TAX, FINANCE AND LOCAL GOVERNMENT

ADMINISTRATION

1. Public Benefits Program Administration

Sections 109m and 9101 (1zu) (a)

Section 109m describes the duties of the Division of Housing in administering the public benefits programs. Section 9101 establishes a 60-day time limit on the promulgation of rules for the public benefits programs. I object to the extent to which these sections restrict DOA in implementing the newly expanded public benefits programs.

I am partially vetoing the section specifying the duties of the Division of Housing so that DOA may access the resources of the entire department in administering the public benefits programs. Accessing the entire department's resources to administer public benefits programs provides greater assurance the utility public benefits programs will achieve intended objectives. I am also partially vetoing the section requiring DOA to promulgate rules for the public benefits program within 60 days of the effective date of the bill so that the department will have adequate time to promulgate rules pertaining to its expanded role in administering utility public benefits programs.

2. Division of Gaming – Tribal Gaming Computer System

Section 9101 (17x)

This section would require the Department of Administration (DOA) to first obtain approval from the Joint Committee on Finance regarding the costs of a new tribal gaming computer system to receive and process slot machine accounting data prior to expending funds for this purpose.

I am vetoing this section because it places an unnecessary burden on DOA and would likely result in the delayed implementation of the new tribal gaming computer system. The system will allow the department to receive and process slot machine accounting data off-reservation and reduce the amount of on-site review by field auditors.

3. Division of Gaming – Unclaimed Prizes Retained by Racetrack Licensee

Section 481m, 545, 3023j and 9301 (2g)

These provisions would provide that, effective with the 2000 race year, a pari-mutuel racetrack licensee may retain any winnings on a race that are not claimed within 90 days after the end of the race year. Under current law, unclaimed prizes are paid to the state and deposited into the racing general program operations appropriation in the Department of Administration, and the gaming law enforcement appropriation related to racing in the Department of Justice.

I am vetoing these sections because of the adverse impact they would have on the operating budget for racing enforcement.

ALCOHOL AND TOBACCO TAXES AND REGULATION

4. Changes to the Wisconsin Fair Dealership Law

Sections 2166m, 2166s, 9358 (7c) and 9458 (3c)

These sections would expand the definition of "dealership" to include an oral or written contract or agreement, either expressed or implied, by which a wholesaler is granted the right to sell or distribute intoxicating liquor or use a trademark, service mark, logotype, advertising or other symbol related to intoxicating liquor. These provisions would specify that the expanded portion of the definition of dealership would not apply to dealerships in which the grantor of the dealership has not produced more than 200,000 gallons of intoxicating liquor in any year, nor to dealerships in which the dealer's net revenues from the sale of all of the grantor's brands of liquor and of wine, respectively, constitute less than 5% of the dealer's total net revenues from the sale of liquor and of wine, respectively, for the most recent fiscal year preceding a grantor's cancellation or alteration of the dealership. The sections also provide additional protections to wholesalers if either a successor wholesaler succeeds to the ownership or control of a wholesaler's business, or if any asset or activity of a distiller's intoxicating liquor business is transferred to another person. These provisions also specify a retroactive effective date of October 1, 1998.

I am partially vetoing these provisions so that wine will be excluded from treatment under these changes to the Wisconsin Fair Dealership Law because I object to wine being treated the same as intoxicating liquor. I am vetoing the sections making the changes to the Wisconsin Fair Dealership law effective as of October 1, 1998, because I am concerned about the constitutionality of imposing new standards on preexisting contracts. Finally, I am also vetoing the additional protections to wholesalers if either a successor wholesaler succeeds to the ownership or control of a wholesaler's business, or if any assets or activity of a distiller's intoxicating liquor business is transferred to another person. I am concerned about the extent to which these provisions will unfairly disadvantage liquor distillers in establishing contractual relationships with wholesalers. Common law rules of construction shall continue to apply to definitional matters in this statute.

5. Liquor Tax and Members of the Military

Section 2170t

This provision permits a Wisconsin resident returning from active duty in a foreign country to bring 16 liters of wine or liquor into the state without payment of the state occupational tax on intoxicating liquor. Current law permits these same residents to bring 4 liters of wine or liquor into the state without payment of the state occupational tax on intoxicating liquor.

I am partially vetoing this provision to permit a Wisconsin resident returning from active duty in a foreign country to bring 6 liters of wine or liquor into the state without payment of the state occupational tax on intoxicating liquor. I am reducing the number of allowable liters from 16 to 6 liters to reduce the danger of illegal sales of alcoholic beverages by members of the military to other citizens.

6. Distributor Cigarette Discount

Sections 2171p and 9443 (8d)

These provisions increase the discount cigarette manufacturers receive from 1.6% to 2%.

I am vetoing these provisions to maintain the current discount of 1.6%. The discount was reduced to 1.6% from 2% in 1997 Wisconsin Act 27, when the cigarette tax was raised 15 cents per pack, to prevent cigarette manufacturers and distributors from receiving a windfall as a result of an increase in the cigarette tax rate. I am vetoing these provisions based on the fiscal needs of the state. At this time, we can not afford to make this change. The fiscal effect of this veto is to increase GPR revenue by \$950,000 in fiscal year 2000-2001.

7. Native American Tax on Tobacco Products

Sections 2178 and 2179

These sections authorize the Department of Revenue (DOR) to enter into agreements with the tribes to provide refunds of up to 50% for the collection of the tobacco products tax.

I am partially vetoing section 2178 to correct for a technical error in the legislation which inconsistently provides for a 70% refund to tribes or tribal councils responsible for the sale of tobacco products on a reservation or trust land. I am also partially vetoing section 2179 to establish a 50% refund for all tribes, instead of a maximum allowable refund of 50% subject to negotiation between DOR and the tribes, of the tax on tobacco products sold on the tribal reservation to persons who are not enrolled members of the tribe residing on the reservation. Granting the authority to refund the same percentage to all tribes would simplify and provide uniformity in the negotiating process.

CORPORATE FRANCHISE AND INCOME TAX

8. Treatment of Corporate Partners and Limited Liability Company (LLC) Members

Sections 1722cd, 1738s, 1753g and 9343 (22t)

These provisions would make corporate partners and members of Wisconsin partnerships in LLCs, respectively, subject to the corporate income and franchise tax if they were doing business in Wisconsin, regardless of the type of interest in the entity. Under current law, the Wisconsin tax treatment of corporate partners and LLC members depends on whether the partnership or LLC is an extension of the corporation's business. If the partnership or LLC is an extension of the corporation's business, the corporation is considered to be doing business in Wisconsin as a result of that ownership interest. On the other hand, if the partnership or LLC is not an extension of the corporation's business, the corporation is not subject to Wisconsin taxation if its only connection to Wisconsin is that ownership interest.

I am vetoing these sections because they were included as part of the proposal to base income apportionment solely on sales, instead of the current method which considers payroll, property and sales. As the single sales factor apportionment was not adopted, these sections should not be enacted. I would have retained these provisions if the single factor method of apportioning corporate income had been adopted. The fiscal effect of this veto is to reduce GPR revenue by \$7,500,000 in fiscal year 1999-2000 and by \$5,000,000 in fiscal year 2000-2001.

9. Sourcing of Receipts of Sales of Services

Sections 1682, 1736 and 9343 (22fd)

These provisions allow a taxpayer to elect to attribute the receipts from a service received in the state, in proportion to the direct cost of performing such a service.

I am vetoing these provisions because they were part of the proposal to base income apportionment solely on sales, instead of the current method which considers payroll, property and sales. As the single sales factor apportionment was not adopted, these sections should not be enacted.

10. Dividends Received Deductions

Sections 1740n and 9343 (22t) [as it relates to s. 71.26 (3) (L)]

This section further defines "wholly exempt income" for corporations subject to franchise or income taxes to include interest, dividends or capital gains that are not subject to taxes under this chapter. In an attempt to clarify the intent, the bill removes additional descriptive information from the section regarding the meaning of "wholly exempt income."

I am vetoing this provision to maintain current law to avoid further complications in understanding the intent of the provision.

FINANCIAL INSTITUTIONS

11. Access Fees for Computer Databases

Section 2353

This section authorizes the department to develop an administrative rule that establishes fees for public access or use of the department's databases or computer systems. This section also requires that the fees be based on the reasonable costs of the services including a reasonable share of the costs of associated development and infrastructure.

I object to the requirement that these fees be developed in administrative rule. The section clearly specifies a detailed recipe for developing the fees. This requirement is sufficient to ensure that fees will be fair and equitable. To also require that these fees be done in administrative rule will delay and add cost to the fee-setting process. This administrative rule requirement may even conflict with the "reasonable cost" requirement because the length of the administrative rules process may prevent the department from adjusting fees when changes in the underlying costs become known. Thus I am vetoing the administrative rule requirement.

GENERAL PROVISIONS

12. Required General Fund Balance – Increase to 1.2%

Section 169

This provision increases the required general fund balance from 1% to 2% in increments of 0.2% annually beginning in fiscal year 2001-2002. Under this provision, the required reserve reaches 2% in fiscal year 2005-2006 and remains at that level for all future fiscal years. The provision leaves the current 1% reserve in place for both fiscal years 1999-2000 and 2000-2001. The reserve is calculated as the required percentage of general purpose revenue appropriations for the fiscal year (including any amount from general purpose revenue designated as compensation reserves). Wisconsin's required balance is smaller than the balance required in most other states.

I am partially vetoing this section to increase the required reserve for fiscal year 2000-2001 from 1% to 1.2%. I am partially vetoing this provision to accelerate the increase to 1.2% because Wisconsin should use the opportunity provided by the current strength in the economy to better position itself for tight budgets in the future. This veto will also help to preserve savings made available from my budget vetoes for future state needs if the economy should falter.

INCOME TAXES

13. Income Tax Exclusion for Mass Transit Fringe Benefits

Sections 1688h and 9343 (7c)

These provisions remove the limit on the amount that a taxpayer may deduct from income for employer-provided transit passes.

I object to the removal of this limit because this removal is unnecessary and because it would increase the complexity of our tax system for very little, if any, benefit. Currently, the cost of a monthly transit pass for any public bus system in the state is less than the \$65 limit. Now, the state limit is tied to the federal Internal Revenue Code and that code will increase the limit to \$100 in tax year 2002.

14. Individual Income Tax Credit for Military Income

Sections 1719g and 9343 (20ty)

These sections provide that a new income tax credit for certain military income is not to be subtracted from regular tax for purposes of determining if the Wisconsin alternative minimum tax applies.

I object to these sections because they contradict another section of the bill and this contradiction may muffle legislative intent. Section 1719j provides that this new credit is to be subtracted from regular tax before the alternative minimum tax is determined. I do not believe that the Legislature intended for these contradictory provisions to subject individuals who receive this very modest tax credit to the alternative minimum tax. This veto ensures that this new credit will not increase alternative minimum tax payments.

15. Miscellaneous Itemized Deductions

Section 1711

This section generally eliminates miscellaneous deductions from the itemized deduction credit, but specifically retains dues paid to a professional society or a labor union, to travel expenses or to home office expenses as allowable miscellaneous itemized deductions under that credit.

I object to this section because it will greatly complicate the computation of the itemized deduction credit. My budget proposed eliminating miscellaneous deductions from the itemized deduction credit to simplify the tax code and filing process. This veto restores my original proposal.

16. School Property Tax Rent Credit

Section 1716m and 1716p

These sections institute a revised School Property Tax Rent Credit (SPTRC) in tax year 2000 and end the credit after 2000. The current SPTRC is calculated at 10% of property taxes or rent constituting property taxes to a maximum of \$2,000 in taxes or rent. The maximum SPTRC is \$200. The revised SPTRC would be calculated at 6.4% of property taxes or rent constituting property taxes to a maximum of \$2,000 in taxes or rent. Under the revised SPTRC, the maximum credit would be \$128.

I am partially vetoing these sections to increase property tax relief. The lottery credit proposal contained in this bill is unconstitutional. To ensure that the money originally allocated to the lottery is still used for targeted property tax relief, as intended, these partial vetoes will increase the tax year 1999 school property tax rent credit to 16.4% and the tax year 2000 credit to 10%. This will dramatically increase property tax relief for homeowners and renters. In tax year 1999, the boost in the credit rate to 16.4% is equivalent to an income tax reduction of 3.1%. Middle-income filers receive the bulk of the tax cuts under this alternative – 63% of the reduction goes to persons whose income is between \$25,000 and \$75,000. Those with lower incomes receive 19% of the cuts. For those 1.5 million taxpayers receiving the credit, this tax relief will average \$136.

INDIAN GAMING

17. Legislative Approval of Tribal Gaming Compacts

Sections 7m, 7n, 7q and 9301 (1d)

These sections would require the Governor, prior to entering into any compact with the tribes, to submit proposed compacts to the Legislature for approval by joint resolution. These sections further provide that the Governor may not concur with the determination of the U.S. Secretary of the Interior that an Indian gaming establishment proposed to be located on trust lands would not be detrimental to the surrounding community unless the Legislature approves the proposed gaming establishment by joint resolution, with the exception of the Indian gaming establishment proposed to be located at Dairyland Greyhound Park.

I am vetoing these provisions because of the extensive delays that could be expected in entering into compact agreements with the tribes if legislative approval is required.

18. Office of Justice Assistance Tribal Law Enforcement Assistance Grant Program

Sections 110k and 544

These sections provides funding under the tribal law enforcement assistance grant program to specific tribes for law enforcement and public safety initiatives on the

reservation and trust lands of the tribes, including the Stockbridge-Munsee (\$175,000 in each fiscal year), the St. Croix Chippewa (\$150,000 in each fiscal year) and the Lac Courte Oreilles Chippewa (\$125,000 in each fiscal year).

I am vetoing these sections to allow the Office of Justice Assistance full discretion in making grant awards under the new program. In addition, because of concerns about compliance with compact agreements and lack of progress in negotiations with local governments, I am reluctant to return any Indian gaming compact revenue directly to the tribes.

19. Department of Health and Family Services Grant Program for Tribal Health Centers

Sections 172 [as it relates to s. 20.865 (4) (g)], 2241c and 9123 (6tu)

These sections authorize a new tribal health program that would provide Indian gaming compact revenues to tribal health centers. Funding for this program would be \$450,000 in each fiscal year, with funds first placed in the supplemental appropriation of the Joint Committee on Finance for approval of the proposed grant distribution method.

I am vetoing these provisions because tribal health centers are already eligible for \$920,000 per year in state health grant programs for tribes only, and tribal health centers also qualify for Medicaid funding as federally qualified health centers. With this veto I am requesting the Department of Administration secretary to not allot \$450,000 in fiscal year 1999-2000 or fiscal year 2000-2001.

20. Department of Veterans Affairs Services to American Indian Veterans

Section 172 [as it relates to s. 20.485 (2) (km)]

This section provides funding of \$27,500 in each fiscal year to provide per tribe grants of \$2,500 to any tribal governing body that enters into an agreement with the Department of Veterans Affairs (DVA) regarding the creation, goals and objectives of a tribal veterans services officer, similar to the county veterans service officer.

I am writing down the funding for these grants to \$15,000 in fiscal year 1999-2000 and \$10,000 in fiscal year 2000-2001 so that the tribes will have to compete for grant awards. I am also concerned about the prudence of providing funding to ensure a per tribe grant of \$2,500 if not all of the tribal governing bodies have agreements with the DVA regarding the creation, goals and objectives of a tribal veterans services officer. Because this veto will reduce the appropriation under s. 20.485 (2) (km), I am requesting the Department of Administration secretary to not allot \$12,500 in the appropriation in fiscal year 1999-2000 and \$17,500 in fiscal year 2000-2001.

21. Tourism Marketing Grant Program

Sections 343 and 9149 (1to), (2c), (2tw) and (3e)

These sections provide funding to specific entities under the tourism marketing grant program. I object to these provisions because they unnecessarily restrict the use of funds for the tourism marketing grant program and limit the extent to which the Department of Tourism can award grants on a competitive basis.

Section 343 provides funding of \$200,000 in each year to the Milwaukee Public Museum for Native American exhibits and activities. Section 9149 (2c) provides \$100,000 in each year to the Burnett County Historical Society for educational programming, marketing and advertising costs for Fort Folle Avoine. Section 9149 (2tw) provides \$75,000 in each year to both Polk and Burnett counties for tourism promotion in northwestern Wisconsin. I am partially vetoing these provisions so that funding will be provided on a one-time basis. In addition, section 9149 (3e) provides \$50,000 in fiscal year 1999-2000 to the St. Croix Valley Tourism Alliance. I am vetoing this provision so more funding will be available to potential grantees of the tourism marketing grant program. The St. Croix Valley Tourism Alliance can apply for funding.

Section 9149 (1to) provides \$75,000 in fiscal year 1999-2000 to the Department of Natural Resources (DNR) for completing the upgrading of Aztalan State Park. I am vetoing this provision so that more funding will be available for the purposes intended in the tourism marketing grant program. Through another veto, I am restoring \$1,000,000 in revenues to the parks account in the segregated conservation fund that would have otherwise been transferred to the general fund. In light of that veto, I request that DNR provide funding for this purpose under the state parks SEG appropriation.

22. Department of Natural Resources Drinking Water Study

Section 172 [as it relates to s. 20.370 (6) (ck)]

This section provides funding of \$230,000 in fiscal year 1999-2000 and \$300,000 in fiscal year 2000-2001 for the Town of Swiss in Burnett County and the St. Croix Band of Chippewa for a study to determine the best technological approaches to addressing water quality problems threatening drinking water and overall water quality problems of the St. Croix, Namekagon and Yellow rivers.

I am partially vetoing the amount of funding provided in fiscal year 1999-2000 by writing the appropriation down to \$100,000. I am writing down this amount to reflect the late passage of the budget and the likelihood that the full \$230,000 would not be spent by the end of fiscal year 1999-2000. I am requesting the Department of Administration secretary to not allot \$130,000 in the appropriation in fiscal year 1999-2000.

23. Department of Natural Resources Elk Management

Sections 172 [as it relates to s. 20.370 (1) (hk)] and 9436 (6)

This section provides funding of \$50,000 in fiscal year 1999-2000 and \$200,000 in fiscal year 2000-2001 for 1.0 FTE wildlife biologist position to manage the elk reintroduction program in the state. Funding would also be used for continued elk studies, elk herd monitoring and management, and transporting additional elk into the state.

I am partially vetoing the amount of funding provided by writing in a smaller amount that deletes \$22,400 in fiscal year 1999-2000 and \$27,600 in fiscal year 2000-2001. Because I want to limit the number of new positions created, my veto reduces funding for 1.0 FTE wildlife biologist position, and instead provides funding for only 0.5 FTE wildlife biologist position. I am requesting the Department of Administration secretary to not allot these funds and to authorize a 0.5 FTE wildlife biologist position rather than the 1.0 FTE wildlife biologist position.

Section 9436 (6) includes a technical error that provides that s. 20.370 (1) (hk) not take effect until July 1, 2000. I have deleted this provision so that the appropriation will be created upon the effective date of the bill and funding provided in fiscal year 1999-2000.

24. Department of Natural Resources Crane Management

Section 172 [as it relates to s. 20.370 (1) (Lk)]

This section provides funding of \$130,300 in fiscal year 1999-2000 and \$147,000 in fiscal year 2000-2001 for a one-time study of crop damage caused by cranes, and a 1.0 FTE wildlife biologist position related to the reintroduction of whooping cranes into Wisconsin.

I am partially vetoing the amount of funding provided by writing in a smaller amount that deletes \$37,650 in fiscal year 1999-2000 and \$43,500 in fiscal year 2000-2001. Because I want to limit the number of new positions created, my veto reduces funding for 1.0 FTE wildlife biologist position and, instead, provides funding for only 0.5 FTE wildlife biologist position. I am requesting the Department of Administration secretary to not allot these funds and to authorize a 0.5 FTE wildlife biologist position rather than the 1.0 FTE wildlife biologist position. This is an important study, but it can be conducted with the staff and dollar resources that are being provided in the bill as vetoed.

25. Commerce – Gaming Economic Development and Diversification Grant Programs

Sections 172 [as it relates to s. 20.445 (7) (kd)], 478 [as it relates to s. 20.445 (7) (kd)], 2017j, 2023m, 2953g, 2953h and 2953i

These sections provide funding under the gaming economic development and diversification grant programs for two specific projects and one additional grant program.

Sections 2953g, 2953h and 2953i provide annual funding of \$900,000 for remediation and economic redevelopment projects in the Menomonee Valley, and also annual funding of \$150,000 for the Northwest Regional Planning Commission to establish a community-based venture fund.

I object to the extent to which gaming economic development and diversification program funding is absorbed by these projects. I am partially vetoing these provisions so the funding amounts will be provided on a one-time basis so more funding will be available for spending at the discretion of the Department of Commerce. These organizations can compete for additional grants from the Department of Commerce.

The other sections provide annual funding of \$600,000 for grants to tribal colleges under the Governor's work-based learning board, for work-based learning programs. I am partially vetoing these sections so that the Department of Workforce Development will be less restricted in administering grants under the work-based learning program.

26. University of Wisconsin System Aquaculture Demonstration Facility

Sections 887, 9107 (7x) and 9154 (3x)

These provisions would require the Board of Regents to submit a plan to the Joint Committee on Finance for its approval for the construction and operation of the aquaculture demonstration facility. The provisions specify that the Building Commission not authorize public debt to be contracted for the purpose of financing construction of the aquaculture demonstration facility unless the Joint Committee on Finance has first approved the report. The provisions also require the Board of Regents to make certain assurances regarding the applied research and training to be conducted at the facility.

I am vetoing these provisions because they impose unnecessary burdens on the Board of Regents. The board will still be required to obtain approval from the Building Commission prior to their authorization of public debt for the purpose of financing construction of the aquaculture demonstration facility. I am also directing the Department of Agriculture, Trade and Consumer Protection to work with Wisconsin's aquaculture industry to develop a management plan that ensures research at the facility is applied and is in the interest of growing and promoting aquaculture in the state.

STATE OF WISCONSIN INVESTMENT BOARD

27. Bonus Compensation

Sections 694c, 694r and 694w

These provisions determine how compensation is provided to employees of the investment board, including bonus compensation.

I object to the elimination of merit-based compensation for board employees. I am partially vetoing these provisions so that employees of the State of Wisconsin Investment

Board (SWIB) who are members of the unclassified service may still receive bonus compensation, as long as the cost may be financed under the new method of determining the board's operating budget. The bill shifts the SWIB's operating budget from a fixed appropriation to an amount that is indexed to the level of assets under management. The purpose of this new authority is to provide the resources necessary to effectively manage \$60 billion in assets under management. To most effectively use the new budget authority to manage resources, the authority to award performance bonuses should be maintained.

BOARD OF COMMISSIONERS OF PUBLIC LANDS

28. Information Technology Initiatives

Section 172 [as it relates to s. 20.507 (1) (h)]

Section 172 [as it relates to s. 20.507 (1) (h)] increases the salary and fringe benefits component of the Board of Commissioners of Public Lands' (BCPL) appropriation by \$43,600 in fiscal year 1999-2000 and by \$50,400 in fiscal year 2000-2001 and makes an offsetting reduction of \$47,000 annually provided in the supplies and services component of the BCPL's appropriation to delete funds budgeted for general information technology (IT) support consultant services to perform these same system development and administration functions. This reallocation of funds is intended to fund a new 1.0 FTE information technology position for IT system development and administration. Although there is no language in the budget bill that authorizes this position or funding reallocation, the purpose of these changes was included in a Conference Committee amendment to the bill.

I am vetoing the part of the bill which funds this new 1.0 FTE PR-S position by lining out the Board of Commissioners of Public Lands' s. 20.507 (1) (h) appropriation and writing in a smaller amount that deletes \$100 PR-S provided for this purpose in fiscal year 1999-2000 and in fiscal year 2000-2001. My original budget request included funding for IT consulting services and I believe the board will have more flexibility to define and meet its IT support needs by purchasing consulting services. Therefore, I am also requesting the Department of Administration secretary not to allot these funds. Furthermore, I am requesting the secretary not to authorize 1.0 FTE PR-S positions.

29. Revised Investment Authority for Certain Board Investments

Sections 593e, 689b, 689d, 689fh, 689j, 689L, 694s, 695b, 695m, 698c, 699g and 699s

These sections:

- Delete the current limitation that common school fund, normal school fund, University fund and agricultural college funds are controlled and invested only by the Board of Commissioners of Public Lands (BCPL), and instead authorize the delegation of

investment of the assets of each fund to the State of Wisconsin Investment Board (SWIB).

- Require that if the BCPL delegates the investment of the assets of these funds to SWIB, SWIB could invest those assets in any manner authorized for the investment of any of the types of funds under the control of SWIB.
- Require SWIB to assign an investment professional to assist the BCPL in establishing and maintaining its investment objectives.
- Authorize SWIB to deduct the costs of such services from the gross receipts of the fund to which the monies invested belong.
- Direct SWIB to deduct its investment management expenses from the gross receipts of the BCPL funds to which the interest and income of the investment will be added.
- Clarify that SWIB would credit all of these investment management expense payments for BCPL investments to SWIB's general program operations appropriation account.

I am vetoing these sections entirely for three reasons. First, I am not confident that the revised investment authority corresponds to the fiduciary role of the Board of Commissioners of Public Lands. Second, these provisions were not debated thoroughly enough to understand the consequences of delegating this investment authority. Third, the fiscal effects of these changes were not considered. While I may support some revisions to the investment authority of SWIB and BCPL, I believe these issues should not be included in the state budget and instead should be considered as separate legislation.

REAL ESTATE TRANSFER TAX

30. Real Estate Transfer Forms and Filing Requirements

Sections 1810hm and 9143 (3b)

Section 1810hm would direct the Department of Revenue (DOR), by January 1, 2000, to identify any nonessential items that could be made optional on the real estate transfer return form (RETR), develop a simplified form, and submit it for review by the Joint Committee on Finance under the 14-day passive review process.

I am vetoing this provision because DOR has revised the RETR twice in the last three years, each time reducing the complexity of the form. In addition, a new smaller form will replace the current form effective January 1, 2000. The efforts of the department in this recent revision were specifically intended to eliminate unnecessary items from the form. To this end, DOR discussed each line on the form with representatives of other agencies, local and county officials, private sector practitioners, and department staff.

Section 9143 (3b) would specify that a RETR not be required in the case of a conveyance that is executed for nominal, inadequate or no consideration to conform, correct or reform a conveyance previously recorded. I am vetoing this provision because, if no filing were required, DOR audit staff would be unable to discern if an exemption was improperly claimed for cases in which a transfer fee should have been paid. For example, DOR audit staff have found that filers confuse the language of "for or nominal consideration" and use the exemption when there is no money exchanged for the real estate; in reality, however, a transfer fee is due in this type of situation.

SALES AND USE TAX

31. Exemption for Maintenance of Railroad Tracks and Rights-of-Way

Sections 1812t and 9443 (8c)

These sections provide a sales and use tax exemption for the gross receipts from the sale of and storage, use, or other consumption of materials in the maintenance of railroad tracks and rights-of-way.

I am vetoing these sections because the delayed effective date of the provision, January 1, 2001, extends the full fiscal impact of the program beyond the scope of the current biennium, and because I am concerned about creating additional sales tax exemptions. The fiscal effect of this veto is to increase GPR revenue by \$470,000 in fiscal year 2000-2001.

SHARED REVENUE AND TAX RELIEF

32. Tax Exemption Reporting Fee

Section 1655p

Under current law, the owners of certain tax-exempt properties are required to file a biennial report providing an estimate of the value of their exempt properties. To defray the cost of collecting this information, local governments are authorized to collect a fee from the owners of these properties. This section exempts churches and religious associations from this fee.

I am partially vetoing this section to limit the exemption only to churches. Since the definition of "religious association" is less distinct and, consequently, more likely to allow questionable claims for tax exemptions, it is appropriate that these organizations continue to pay the fee. I wish to make perfectly clear, however, that this veto makes absolutely no changes regarding the taxability of any properties.

33. Use-Value – Definition of Agricultural Land

Sections 1655L and 9343 (23am) [as it relates to s. 70.32 (2) (c) 1.]

These sections modify the definition of agricultural land beginning January 1, 2000, to exclude from use value assessment land that generated less than \$2000 in gross farm profits in the preceding year.

I am vetoing this provision because it is unclear, unequitable and would create administrative difficulties for farmers and assessors. If this provision is applied on a per-parcel basis, some parcels of a farm may qualify for use-value assessment while some may not. Meanwhile, another farm that is identical in every way except that its land parcels are larger may qualify in its entirety for use-value. The requirement to annually examine the preceding year income from the land could lead to parcels qualifying one year for use-value but not the next despite uninterrupted use as farmland. Applying the \$2000 annual threshold to each parcel would require farmers to keep, and assessors to examine, detailed records each and every year.

34. Use-Value Administrative Rules

Sections 1797k and 9343 (22tm)

These sections prohibit the Department of Revenue from including in the Wisconsin Property Assessment Manual the department's per acre value guidelines for each municipality unless the guidelines are based on procedures that are included in the department's administrative rules.

I am vetoing these sections because this requirement is unnecessarily restrictive. The department should continue to have flexibility to quickly adopt changes that are in keeping with accepted appraisal practices. Requiring the Department of Revenue to update its administrative rules for minor revisions in accepted appraisal practices would hinder the department's responsiveness to new information and market conditions.

35. Automatic Teller Machines

Sections 1653b and 9343 (23c) [as it relates to s. 70.11 (39)]

These sections exclude automatic teller machines from the property tax exemption for computer equipment beginning January 1, 2000.

I am vetoing this provision because this is an unnecessary intrusion into the Department of Revenue's administrative responsibility to apply the exemption fairly and uniformly to all property. As a result of my veto, GPR expenditures under the sum sufficient appropriation to reimburse local governments for the tax base lost by the computer exemption under s. 20.835 (1) (e) will increase by an estimated \$750,000 in fiscal year 2000-2001.

36. Tax Incremental Financing – Village of Gilman

Section 1630k

This section extends to 38 years the maximum number of years the Department of Revenue may allocate positive tax increments to a tax incremental financing district in the Village of Gilman in Taylor County.

I am vetoing this section because this exception to normal tax incremental financing law may not be necessary. The tax incremental financing district in question still has many years remaining under current law before the department may no longer allocate tax increments to the district. Consequently, it is premature to make this extension at this time. My veto does not effect the other provisions in the bill for a tax incremental financing district in the Village of Gilman. My veto merely retains the same maximum number of years for increment allocations by the department for this tax incremental financing district as similarly situated districts in other municipalities.

37. Premier Resort Area – Eagle River

Sections 1621e and 1621f

These sections allow the City of Eagle River to enact an ordinance or adopt a resolution declaring itself a premier resort area even if less than 40% of the equalized assessed value of the taxable property in the city is used by tourism-related retailers. By enacting such an ordinance or adopting such a resolution, the city would be able to adopt a half-cent sales tax on items sold by tourism related businesses within the city.

I am vetoing these sections because the Legislature should seek a uniform means to allow additional municipalities to adopt the extra half-cent sales tax rather than enacting specific exemptions that create inequitable revenue options for similarly situated local governments.

The existence of this provision in the budget bill underscores the need for the state to examine means for municipalities to have alternative revenue sources. In this process, it will be important to look closely at which levels of government pay for what services and which levels of government pay for what share of these services.

38. Small Municipalities Shared Revenue

Sections 172 [as it relates to s. 20.835 (1) (b)] and 1818Ln

These sections increase the appropriation for small municipalities shared revenue from \$10,000,000 to \$11,875,000 for distributions in the year 2000 and each year thereafter, a \$1,875,000 increase.

I am partially vetoing this provision to provide a \$1,000,000 increase in the program by lining out \$11,875,000 and writing in \$11,000,000 in section 172 as it relates to s. 20.835

(1) (b) for fiscal year 2000-2001, and in section 1818Ln in specifying the appropriation amounts distributed for the year 2000 and thereafter. I am partially vetoing this provision because the state budget's mismatch between revenues and expenditures in fiscal year 2000-2001 is too large. If this mismatch is not reduced, the state may have a very difficult time balancing the general fund budget during the 2001-2003 biennium without harsh expenditure reductions or endangering the state's commitment to tax relief. My partial veto will still provide a 10% increase in funding for the program.

Because this veto will reduce estimated expenditures in the appropriation under s. 20.835 (1) (b) in fiscal year 2000-2001, I am requesting the Department of Administration secretary to reestimate fiscal year 2000-2001 expenditures for the appropriation down by \$875,000.

39. Shared Revenue Payments

Sections 172 [as it relates to s. 20.835 (1) (d)] and 1818Lp

Section 1818Lp increases the total amount of shared revenue to counties and municipalities from \$930,459,800 to \$949,069,000 – an \$18,609,200 or 2% increase. The increase is effective for the amounts to be distributed in the year 2000 and beyond. Section 172 [as it relates to s. 20.835 (1) (d)] reflects the 2% increase in the appropriation schedule for 2000-2001.

I am vetoing these sections to eliminate the increase in shared revenue payments. I am vetoing the shared revenue increase because the mismatch between revenues and expenditures in fiscal year 2000-2001 is too large. If this mismatch is not reduced, the state may have a very difficult time balancing the general fund budget during the 2001-2003 biennium without harsh expenditure reductions or endangering the state's commitment to tax relief. I am fully vetoing section 1818Lp. I am also removing the additional \$18,609,200 in the schedule under section 172 [as it relates to s. 20.835 (1) (d)] for fiscal year 2000-2001 by lining out \$949,069,000 and writing in \$930,459,800.

As a result of meeting with mayors from the League of Municipalities, it was suggested that increased funds to the Expenditure Restraint Program, Small Municipalities Shared Revenue and Payments for Municipal Services were preferable to increasing shared revenue. Thus, while I am vetoing the increase in shared revenue, elsewhere in this budget I am approving increases in expenditure restraint payments, small municipalities shared revenue payments and payments for municipal services, as well as increases to community aids, county mandate relief, transportation aid and other programs that will benefit local governments.

Because this veto will reduce estimated expenditures in the appropriation under s. 20.835 (1) (d) in fiscal year 2000-2001, I am requesting the Department of Administration secretary to reestimate fiscal year 2000-2001 expenditures for the appropriation down by \$18,609,200.

A related provision in the bill, section 9143 (3mv), specifies that the increase in shared revenue shall be distributed proportionately by providing each county and municipality

the same percentage increase to its current law payment. This provision is eliminated from the bill under my partial veto of the lottery credit. Instead of providing the same percentage increase to all, I prefer that an increase in shared revenue be distributed according to the program's determination of need.

I believe that we need to have a comprehensive review of our local aid system with the goal of overhauling it in the next budget. I will seek input from a wide variety of local officials about how to go about that reform effort.

40. Payments for Municipal Services

Section 172 [as it relates to s. 20.835 (5) (a)]

This section [as it relates to s. 20.835 (5) (a)] increases the appropriation for payments for municipal services to \$23,439,500 for fiscal year 2000-2001.

I am partially vetoing this provision to limit the appropriation to \$21,565,300 in fiscal year 2000-2001. I am partially vetoing this provision by lining out \$23,439,500 and writing in \$21,565,300 in section 172 as it relates to s. 20.835 (5) (a) for fiscal year 2000-2001. I am partially vetoing this provision because the state budget's mismatch between revenues and expenditures in fiscal year 2000-2001 is too large. If this mismatch is not reduced, the state may have a very difficult time balancing the general fund budget during the 2001-2003 biennium without harsh expenditure reductions or endangering the state's commitment to tax relief. My partial veto will still provide an increase in funding for the program in excess of 19%. It will also fund an estimated 92% of entitlements under the program – providing an increase over the proration factor of recent years and returning the proration factor to a level near its historical norm. Without a veto, the program would have been funded in excess of its historical level.

Because this veto will reduce the appropriation under s. 20.835 (5) (a), I am requesting the Department of Administration secretary to not allot \$1,874,200 in the appropriation in fiscal year 2000-2001. My partial veto of this provision will also reduce departmental revenues to the general fund by \$862,100 in fiscal year 2000-2001.

41. Lottery Credit and Property Tax Relief

Sections 172 [as it relates to ss. 20.455 (2) (fm), 20.566 (2) (am), and (8) (a), (b) and (c), and 20.835 (2) (dn)], 490g, 595m, 596r, 596s, 597g, 597c, 597f, 606t, 612p, 717xh, 1818mLf, 1818mLg, 1818mLh, 9143 (3g), 9143 (3gm), 9143 (3h), 9143 (3mv), 9243 (2c) and 9443 (24e)

These sections provide an increase in the lottery credit as it would appear on the December 1999 and December 2000 property tax bills by transferring over \$253 million from the general fund to the lottery fund and providing for the shift of various lottery fund expenses from the lottery fund to the general fund for fiscal years 1999-2000 and 2000-2001. These sections also include several other provisions. Section 9143 (3g) specifies that the Legislature's intent in transferring funds from the general fund to the lottery fund

is to reimburse the lottery fund for certain expenditures of the lottery fund during the October 1995 to June 1999 time period. Section 9143 (3gm) provides the Department of Revenue with 3.0 FTE PR positions for the purpose of performing duties related to the business tax registration system. Section 9143 (3h) provides transfers to make technical corrections related to 1999 Wisconsin Act 5 to use pari-mutuel proceeds as part of the lottery and gaming credit. Section 9143 (3mv) specifies that the increase in shared revenue contained in the bill shall be distributed proportionately by providing the same percentage increase to each county and municipality.

I am vetoing in its entirety the provision in sections 717xh and 9243 (2c) making transfers from the general fund to the lottery fund for the reimbursement of prior year expenditures. This provision, also known as the "lottery buyback," has raised severe constitutional questions, including those cited in a recent opinion from the Attorney General. Because the buyback relates to years prior to the April 1999 constitutional amendment allowing the lottery proceeds to be distributed contrary to the uniformity clause of the constitution, the lottery buyback very likely violates the uniformity clause. In short, it is illegal. I am vetoing the buyback because it would be irresponsible to adopt as state law a measure which would surely provide false hope of property tax relief since it would easily be struck down by a court ruling.

I am partially vetoing the provisions that shift to the general fund the current lottery fund expenses for lottery general program operations, lottery retailer commissions, lottery vendor fees, the farmland tax relief credit, gaming law enforcement costs of the Department of Justice, and the lottery and gaming credit administration costs of the Department of Revenue. Under the provisions of the bill, these costs are moved to the general fund for two years (both fiscal year 1999-2000 and fiscal year 2000-2001). Under my partial veto, these costs are shifted to the general fund only for the first year of the biennium, fiscal year 1999-2000. Under my partial veto, these costs will return to the lottery fund for fiscal year 2000-2001. I am partially vetoing these provisions in this manner because of legal, fiscal, policy and practical concerns. First, the distribution of the December 1999 property tax bills is not far away. Municipalities will need to know soon what will appear on the tax bills. Therefore, I have left the shift of these costs for the first year in place to finalize the issue for the coming tax bills. Second, the drain on the general fund caused by this shift may not be sustainable into the future, especially given the large mismatch between fiscal year 2000-2001 GPR revenues and expenditures. Third, this shift artificially increases the lottery credit beyond the state's traditional interpretation of what is defined as lottery proceeds. This artificial increase should end as soon as possible. Fourth, because the definition of lottery proceeds created by the shift of expenses is nontraditional, continued shift of these expenses may lead to legal challenges that may ultimately hurt Wisconsin taxpayers. Finally, the use of general fund taxes to pay for these costs simply violates common sense. We should stop this as soon as practical.

I am also vetoing sections of this bill to provide December 2000 property tax relief in a constitutional, uniform and common sense manner. Instead of this artificial increase in the lottery credit for the December 2000 tax bills, my partial vetoes will provide an increase in the school levy credit under s. 20.835 (3) (b) of the statutes. This will move property tax relief away from a risk-taking plan into a safely and surely deliverable

procedure. Consequently, I am partially vetoing sections 9143 (3g), (3gm), (3h) and (3mv) of the bill because the partial veto of these sections is necessary to replace the artificial increase in the lottery credit with an increase in the school levy credit. My partial veto to increase the school levy credit will increase the amount provided for property tax relief by \$60,000,400 on the December 2000 property tax bills. This amount will be paid by the state in July 2001. This additional property tax relief will help offset the decrease in the lottery credit that will occur when the lottery credit returns to a normal and common sense size on the December 2000 property tax bills.

In other sections of the bill I have partially vetoed the school property tax rent credit to increase property tax relief paid through that credit.

To implement my partial vetoes to fund the traditional lottery fund appropriations from the general fund for fiscal year 1999-2000 only, rather than for both fiscal years of the biennium, and to restore the normal understanding of how much is available for the lottery credit, I am taking the following specific measures:

Gaming Law Enforcement. I am partially vetoing section 172 as it relates to s. 20.455 (2) (fm) for fiscal year 2000-2001 by lining out \$226,700 and writing in \$0. Because this veto will reduce the appropriation under s. 20.455 (2) (fm), I am requesting the Department of Administration secretary to not allot \$226,700 in the appropriation in fiscal year 2000-2001. I am vetoing section 490g because it would prohibit the return of this cost to the lottery fund for the entire 1999-2001 biennium. With my veto of section 490g, expenditure authority from lottery receipts may be restored for fiscal year 2000-2001 for the purpose of gaming law enforcement through separate legislation or action under s. 13.10 of the statutes.

Lottery and Gaming Credit Administration. I am partially vetoing section 172 as it relates to s. 20.566 (2) (am) for fiscal year 2000-2001 by lining out \$33,500 and writing in \$0. Because this veto will reduce the appropriation under s. 20.566 (2) (am), I am requesting the Department of Administration secretary to not allot \$33,500 in the appropriation in fiscal year 2000-2001. I am vetoing section 595m because it would prohibit the return of this cost to the lottery fund for the entire 1999-2001 biennium. With my veto of section 595m, expenditure authority from lottery receipts may be restored for fiscal year 2000-2001 for the purpose of lottery and gaming credit administration through separate legislation or action under s. 13.10 of the statutes.

Lottery General Program Operations. I am partially vetoing section 172 as it relates to s. 20.566 (8) (a) for fiscal year 2000-2001 by lining out \$21,095,800 and writing in \$0. Because this veto will reduce the appropriation under s. 20.566 (8) (a), I am requesting the Department of Administration secretary to not allot \$21,095,800 in the appropriation in fiscal year 2000-2001. I am vetoing section 597g because it would prohibit the return of this cost to the lottery fund for the entire 1999-2001 biennium. With my veto of section 597g, expenditure authority from lottery receipts may be restored for fiscal year 2000-2001 for the purpose of lottery general program operations through separate legislation or action under s. 13.10 of the statutes.

Lottery Retailer Compensation. I am partially vetoing sections 596r and 597c because a partial veto of these sections is necessary to allow lottery retailer compensation to be paid from the lottery fund during fiscal year 2000-2001. With my veto, general purpose revenue will only be used for lottery retailer compensation during fiscal year 1999-2000. Lottery revenues will again cover this cost beginning in fiscal year 2000-2001. By lining out \$30,573,800 and writing in \$0 in section 172 as it relates to s. 20.566 (8) (b) for fiscal year 2000-2001, I am reflecting that my partial veto prohibits use of general purpose revenue for retailer compensation after fiscal year 1999-2000. Because this veto will reduce estimated expenditures in the appropriation under s. 20.566 (8) (b) in fiscal year 2000-2001, I am requesting the Department of Administration secretary to reestimate fiscal year 2000-2001 expenditures for the appropriation down by \$30,573,800.

Lottery Vendor Fees. I am partially vetoing sections 596s and 597f because a partial veto of these sections is necessary to allow lottery vendor fees to be paid from the lottery fund during fiscal year 2000-2001. With my veto, general purpose revenue will only be used for lottery vendor fees during fiscal year 1999-2000. Lottery revenues will again cover this cost beginning in fiscal year 2000-2001. By lining out \$12,419,000 and writing in \$0 in section 172 as it relates to s. 20.566 (8) (c) for fiscal year 2000-2001, I am reflecting that my partial veto prohibits use of general purpose revenue for vendor fees after fiscal year 1999-2000. Because this veto will reduce estimated expenditures in the appropriation under s. 20.566 (8) (c) in fiscal year 2000-2001, I am requesting the Department of Administration secretary to reestimate fiscal year 2000-2001 expenditures for the appropriation down by \$12,419,000.

Farmland Tax Relief Credit. I am partially vetoing sections 606t and 612p because a partial veto of these sections is necessary to allow the farmland tax relief credit to be paid from the lottery fund during fiscal year 2000-2001. With my veto, general purpose revenue will only be used for the farmland tax relief credit during fiscal year 1999-2000. Lottery revenues will again cover this cost beginning in fiscal year 2000-2001. By lining out \$15,000,000 and writing in \$0 in section 172 as it relates to s. 20.835 (2) (dn) for fiscal year 2000-2001, I am reflecting that my partial veto prohibits use of general purpose revenue for the farmland tax relief credit after fiscal year 1999-2000. Because this veto will reduce estimated expenditures in the appropriation under s. 20.835 (2) (dn) in fiscal year 2000-2001, I am requesting the Department of Administration secretary to reestimate fiscal year 2000-2001 expenditures for the appropriation down by \$15,000,000. I am partially vetoing sections 1818mLf, 1818mLg and 1818mLh because a partial veto of these sections is necessary to preserve the state's commitment to provide an estimated \$15,000,000 annually for the farmland tax relief credit despite the shifts in funding sources.

Definition of Lottery Proceeds. I am partially vetoing section 9443 (24e) because a partial veto of this section is necessary to restore the traditional definition of lottery proceeds on July 1, 2000 – the first day of fiscal year 2000-2001 during which, because of my partial vetoes, the common sense approach to paying for lottery expenses will be restored.