



SCOTT McCALLUM

**Governor
State of Wisconsin**

To the Honorable Members of the Assembly:

I have approved January 2002 Special Session Assembly Bill 1 as 2001 Wisconsin Act 109 and deposited it in the Office of the Secretary of State.

The budget adjustment bill I am signing today closes a contentious chapter in Wisconsin's legislative history. Clearly, this bill is not perfect. It does, however, solve our most immediate fiscal problem by closing a \$1.1 billion deficit and balancing our state budget for the 2001-03 biennium.

The special session was a demanding exercise that required many difficult choices – decisions that were not unique to Wisconsin.

When the special session convened January 22, 2002, the Legislature gathered to address a revenue shortfall aggravated by a downturn in the state and national economies and compounded by a terrorist attack. At the same time, forty-four other states reported revenue shortfalls totaling \$50 billion caused by a drop in sales, capital gains, and corporate and personal income taxes.

In the months following the beginning of the special session, many legislatures across the country have depleted rainy day funds created in the boom years of the 1990s. Many

legislatures raised taxes. In Wisconsin, the Legislature used the tobacco settlement dollars as a substitute for a rainy day fund rather than raise taxes or make deeper cuts in essential services.

There is general relief that the special session is over. However, I share the widespread view that the final product took much too long to complete and includes imperfect compromises that are the result of unnecessary partisan maneuvering. While these compromises are an unfortunate by-product of coming to grips with our short-term fiscal problems, several major provisions in the bill set the stage for meaningful long-term reform of a system that is undeniably flawed.

Some have called for a veto of the entire bill, but I believe such an act would be irresponsible and place the state on the precipice of a fiscal disaster unmatched in our history. Regardless of its shortcomings, the bill reflects the core priorities I established for the special session six months ago; a veto would put every priority in great peril. That is a risk not worth taking.

Priorities

Above all else, the budget adjustment bill does not raise taxes. Taxes already are too high, and in this time of economic crisis we will not increase taxes to feed spending habits. Government must learn to live within its means.

This budget bill protects K-12 education. I have three children, and I want to ensure that my children get the best education in the country. This budget continues the state's commitment to elementary and secondary education.

Growing up in Fond du Lac, my dad was a factory worker and later a letter carrier. My mom worked as a store clerk and a bank teller. My parents taught me the importance of being compassionate to our neighbors who might not be as fortunate as us, and that is why this budget protects the neediest of the needy.

This budget fully funds our new Senior Care program to help seniors with access to and costs of prescription drugs. It fully funds Medical Assistance, BadgerCare, Family Care, community aids and many other programs that directly serve our neediest citizens.

This bill contains a number of reform initiatives, including:

- The most fundamental change in the state and local government partnership in nearly three decades.
- The most significant campaign finance reform in the last thirty years.
- Far-reaching changes in the sentencing of criminals.
- Strong measures that will allow us to break from the status quo and improve the state's budget process, including the required elimination of the structural deficit and periodic, comprehensive reviews of agency program expenditures.

State and Local Government Partnership – I am grateful the Legislature adopted my proposal to create a mandate relief process for local government under the direction of the Department of Revenue. Local communities can seek a waiver from certain state mandates that do not

compromise the health and safety of Wisconsin citizens. The Department of Revenue will serve as a clearinghouse by directing waiver requests to the appropriate state agencies.

The Legislature also adopted my recommendation for a task force on local government that will identify opportunities for intergovernmental cooperation that will result in savings to taxpayers. The commission is required to report to the Governor and Legislature by February 1, 2003, so that its findings can be debated and implemented in the 2003-05 biennial budget.

Given the time-sensitive nature of this effort, I used my executive privileges to form this task force and name Milwaukee Metropolitan Area Chamber of Commerce Executive Director Tim Sheehy to chair the task force. The task force has already begun its work, and I look forward to strong recommendations from this panel of local government officials.

Another important state and local reform is a new financial incentive for sharing services among governments. At my suggestion, the Legislature took the first step toward redirecting the shared revenue program away from simply supporting local government expenditures and toward the improved and cost-effective delivery of services.

Following a proposal contained in the Kettl Commission report, \$45 million will be set aside beginning in 2004 to reward local communities that save taxpayer dollars through sharing services. Through this program, communities will be able to receive a seventy-five cent reward for every dollar of savings from sharing services.

The Legislature also modified two key components of shared revenue: the Expenditure Restraint Program and the Utility Payment Program. Both programs reward certain critical

activities and should be retained. The Expenditure Restraint Program provides an incentive to limit growth in spending and thereby save taxpayer dollars. The Utility Payment Program plays an integral role in meeting the state's energy needs and economic growth goals by assisting communities that choose to host power plants.

I have used my veto pen to restore both programs to their existing structure, at no fiscal impact to the shared revenue program.

Truth-In-Sentencing – This bill makes several important sentencing modifications that will avoid millions of dollars in additional incarceration costs. It creates a Sentencing Commission and adopts comprehensive sentencing reform by expanding the number of felony classifications and sentences to more accurately reflect the crime committed.

The bill also creates a mechanism to reward prisoner rehabilitation and allows consideration of cost-effective alternatives to prison after seventy-five to eighty-five percent of incarceration time has been served.

This last reform will be available to offenders who demonstrate to the sentencing court that they have been successful at rehabilitation. If the sentencing court agrees to consider an offender's petition for sentence modification, the district attorney has an opportunity to object, resulting in denial of the petition. Objection by the victim if the offense is for second or third degree sexual assault, second degree sexual assault of a child or solicitation of a child for prostitution will also result in denial of the petition.

Campaign Finance Reform – Wisconsin was a national leader in campaign finance reform twenty-five years ago, and this legislation allows us to continue our trail-blazing efforts. I believe this bill reforms our system of financing campaigns in several important ways.

First, it counters campaign spending by special interests. Independent expenditures and issue ads are treated equally, and the interests that engage in both activities are required to report the amount that they spend to influence our elections. In addition, Dane County fund-raisers and reelection fund-raising during budget deliberations are prohibited, and legislative campaign committees are banned. In this way, we have created a "no fund-raising zone" where public policy can be debated inside the State Capitol on its merits.

Second, this law strengthens the role of state political parties by giving the parties the responsibility and resources to counter last-minute attack ads. I believe political parties play an essential role in making our democratic system operate well. This bill moves us towards a statewide voter list to help parties reach out to voters at a grass-roots level. These reforms will help political parties more fully engage citizens in the political process and encourage them to express their views and to vote.

Third, this proposal creates new disclosure requirements and compels speedier compliance with existing ones, which will promote the free and swift flow of information to the public regarding the activities of groups and individuals in the political process.

Finally, we did not dip into the taxpayer's wallet to fund this system. No dollar will go into the campaign finance system that was not elected to go there by the voter. We have pressing

fiscal needs in our state, and it is unwise to compel taxpayers to contribute to the campaign finance system.

These provisions go a long way to resolving many of the most pressing problems with campaign finance, resulting in an election finance system that encourages greater individual participation and provides more accurate and timely information to the public.

These provisions, however, are not without flaws. I recognize that certain elements of this campaign finance reform package raise constitutional concerns. I fully expect that the courts will resolve these legitimate questions. But if this bill is going to stand or fall in the courts, it should at least be given its day in court. If it stands, Wisconsin once again will lead the nation with our bold new interpretation of political speech. If it fails, it is essential that we clearly understand the legal parameters of allowable restrictions on political speech before we make any further attempt in that direction.

This legislation is the culmination of much debate among a vast array of legislators, citizens and groups. It does not represent any singular point of view, but it does represent progress in this contentious area of public policy debate. Taken as a whole, the bill improves the current system of financing for legislative, gubernatorial and other statewide campaigns.

But campaign finance reform is an ongoing process that requires continuing dialogue, and I am hopeful that, in the future, the Legislature and I can work together to remedy any defects of the current financing structure. There will be other opportunities to revisit this issue as I continue to push for more government reform.

Improving the State Budget Process – Closing this budget deficit exposed the institutional problems that have arisen regarding the state budget process. Time and again, the State Budget Office and Legislative Fiscal Bureau have identified the state's structural deficit as a major issue that must be addressed. Of the many versions of this bill produced since February, my bill made the greatest progress in reducing that deficit. The Legislature's final bill makes the least progress.

That having been said, the State Assembly was responsible for a number of improvements to the budget process that deserve notice. Most importantly, the Legislature calls for eliminating the state's structural deficit by fiscal year 2005-06. This is a strong step that I have further improved through a veto to make it effective with the 2003-05 biennial budget.

The bill also includes a requirement that agency base budgets be thoroughly reviewed once every three biennia. This effort, in conjunction with ongoing performance-based budgeting, will be a major step forward in ensuring that all programs are prioritized and every taxpayer dollar, not just the incremental increases, are used in the most effective manner possible.

In implementing this provision for the upcoming 2003-05 biennial budget, I am directing the secretary of the Department of Administration to include the Governor's Office and Legislature in the first round of agencies to be reviewed. It is only appropriate that the budgets for elected officials be the first to receive this scrutiny.

Veto

I am signing this bill with seventy-two vetoes. From general purpose revenue, net spending will be \$11.3 billion in fiscal year 2001-02 and \$11 billion in fiscal year 2002-03, for a biennial total

of \$22.3 billion. The bill, as vetoed, is expected to have a gross balance of \$135.3 million on June 30, 2003, and a net balance, after setting aside the required 1.2 percent, of \$0.9 million.

Several vetoes undo actions that compromise cost-effective, high-quality services to Wisconsin citizens. Wisconsin citizens are better served by retaining the technology coordination and return on investment focus of the Department of Electronic Government, maintaining the direct consumer service philosophy of the Department of Agriculture, Trade and Consumer Protection, and leveraging the broad perspective of the Department of Administration in serving the multiple educational and library service agencies impacted by the TEACH program.

I have also vetoed the permanent reduction of \$541,400 GPR for local district attorneys because it will compromise critical prosecution services. Turnover savings have already been identified in the district attorney appropriation that will allow an equivalent amount of funding to be lapsed on a one-time basis in fiscal year 2002-03 to the general fund.

Several vetoes remove policy items from the budget that are best addressed through separate legislation and the legislative committee process. I have also vetoed several deadlines from the bill that have either elapsed or are unrealistic. A number of provisions that infringe on the ability of executive branch agencies to manage state programs have also been removed.

A number of vetoes collectively reduce spending by over \$2.5 million. In particular, I have reduced the \$10.7 million GPR increase in funding for the State Public Defender by \$1 million. This reduction reflects the savings that can be realized by the State Public Defender Board if it allocates a portion of caseload growth to supervising attorneys. This is a reasonable reduction that reflects the need for all programs to contribute to closing the budget deficit.

I have also increased the across-the-board reduction for the Department of Revenue in fiscal year 2002-03 from 3.9 percent under the Legislature's bill to five percent. This is consistent with my initial proposal and is less than the 6.5 percent reduction that most agencies will have to address.

Conclusion

This bill sustains our priorities and addresses the immediate budget crisis, but our long-term fiscal outlook presents significant challenges. We remain in volatile fiscal territory as we look to the next budget cycle, faced with the possible threat of sagging revenues and rising costs. No one should pretend that the road ahead will be smooth. Hard choices remain, to be sure. From the first day I assumed the responsibility of being your governor, my focus has been on meeting our long-term challenges and restoring Wisconsin's fiscal health. In the 2001-03 biennial budget (2001 Wisconsin Act 16), I proposed the first meaningful mechanism for financing the state's rainy day fund. I called for the requirement that future budgets have a four-year horizon and be presented under generally accepted accounting principles.

The Legislature signaled a willingness to begin changing its spending habits by adopting these proposals, but it was still necessary to use my veto pen to save a record \$63 million to restore the legally-required 1.2 percent budget balance.

When it became evident last fall that revenue was not keeping pace with spending, I immediately ordered state agencies to reduce fiscal year 2001-02 operating budgets by 3.5 percent. I froze all nonessential vacancies and ordered department heads to limit travel.

My Budget Reform Bill, presented to the Legislature in January, addressed both the immediate shortfall and long-term structural deficit. In fact, my original proposal, according to the nonpartisan Legislative Fiscal Bureau, still stands apart as doing the most to reduce the state's long-term structural deficit.

I believe in Wisconsin. I believe in our people. And I believe in our future.

I want my kids to have the same kind of opportunities, the same quality of life and the same optimism about the future that I had growing up in Wisconsin.

But if we are going to achieve our full potential, if our economy is going to compete in the 21st century and our political system is to become relevant again to the needs of Wisconsin citizens today, there can be no standing still. We must challenge the status quo like never before.

To this end, I am considering calling the Legislature into special session to address three specific matters:

1. Amending our state constitution to stipulate the creation of a Budget Stabilization Fund – more commonly referred to as a rainy day fund. The state already has a rainy day fund in state statute, but that is not enough. We need a constitutionally protected savings account. A clearly delineated and constitutionally required rainy day fund will allow the state to save money when the economy is healthy, and provide a short-term financial cushion during an economic downturn while larger structural reforms can be debated and implemented.

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2. Amending our constitution so that any tax increase passed by the Legislature must survive a statewide vote before taking effect. We will not raise taxes in Wisconsin until the taxpayers say it will be so. One solution to our long-term financial challenges is the creation of more higher-paying jobs for Wisconsin workers. But we cannot talk about creating the economy of the future without addressing our tax structure. Whether it is a family trying to save for its children's education or an entrepreneur working to put an idea on the assembly line, high taxes continue to keep our economy from sailing at full speed.

 3. Approving a law requiring legislative budget business be completed in a timely manner. If a date-certain deadline is not met, legislators and the governor will not be paid until a final budget bill is signed into law.

We have so much to be proud of in our great state. We never settle for the status quo. That is who we are. It is what we do as a people. It is the essence of what makes our state so special.

Respectfully submitted,

SCOTT McCALLUM
Governor

Date: July 26, 2002

VETO MESSAGE

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A. EDUCATION AND TRAINING

ARTS BOARD

1. Milwaukee Art Museum Grant

Sections 26 [as it relates to s. 20.215 (1) (cm)], 30d and 9105

This provision creates a new \$50,000 GPR appropriation to provide a one-time grant in fiscal year 2002-03 to the Milwaukee Art Museum for the Leonardo da Vinci and the Splendor of Poland exhibition.

I am vetoing this provision because it is not prudent to increase GPR spending for noncritical items given the state's current budget shortfall. This exhibition has already been scheduled and museum officials have indicated that it will proceed regardless of the receipt of earmarked state funding. Like other arts organizations, the Milwaukee Art Museum can compete for funding from the Arts Board under existing grant programs.

HISTORICAL SOCIETY

2. Program Revenue Lapses

Section 9125

This provision requires the Wisconsin Historical Society to allocate \$100,000 in fiscal years 2001-02 and 2002-03 for the Office of Local History and the society library.

I am vetoing this earmarking of funds because it runs counter to previous legislative action. Under 2001 Wisconsin Act 16 (the 2001-03 biennial budget) and changes in this budget reform act, the Legislature and I significantly reduced the number of separate appropriations to give the society more flexibility to operate its programs efficiently and effectively. The legislative earmarking of funds under this provision would limit the very flexibility we intended the society to have.

In addition, the provision is not necessary because the society's current annual expenditures on the library alone far exceed the \$100,000 required under this amendment. To best meet its responsibilities, the Wisconsin Historical Society needs to retain the funding flexibility granted to it under both 2001 Wisconsin Act 16 and this act.

PUBLIC INSTRUCTION

3. Sale of Soft Drinks in Schools

Section 280n

This provision requires school districts that enter into exclusive contracts with soft drink vendors to ensure that milk is available to students whenever soft drinks are available.

I am partially vetoing this provision because it is overly broad and would require the sale of milk at all scholastic events, not just during the school day. The effect of this partial veto will be to delete the statutory requirement addressing all scholastic events.

UNIVERSITY OF WISCONSIN SYSTEM

4. Undergraduate Coursework Beyond 165 Credits

Sections 93r, 93s, 9101 (8w) and 9256 (2x)

This provision requires the University of Wisconsin System Board of Regents to charge students the full cost per credit for any credits beyond 165 accumulated in coursework towards a first baccalaureate degree. The provision also reduces the system's general program operations appropriation by \$6,700,000 GPR in fiscal year 2002-03 to reflect a reduction in GPR support for these credits and increases the academic student fees appropriation by \$6,700,000 PR in fiscal year 2002-03 to reflect estimated increases in tuition revenues.

I am partially vetoing this provision to eliminate the requirement for the Board of Regents to charge the full cost per credit for any credits beyond 165 and to delete the increase to the academic student fees appropriation. While I believe that state taxpayers should not be obligated to subsidize an unlimited number of credits for each student, the policy needs to recognize differences in the credit requirements for different majors, several of which already require more than 165 credits. A policy limiting the number of subsidized credits must recognize the role of degree requirements, as well as the responsibility of the student.

Finally, implementing the limit at this late date would not be fair to the estimated 3,500 students who would potentially face a 200 percent increase in tuition without adequate time to plan. My veto retains the \$6,700,000 GPR reduction, which the system will need to accommodate through other efficiencies, but deletes the equivalent increase to the academic student fees appropriation.

I plan to address credit limits on resident tuition in my 2003-05 biennial budget proposal. I also request that the Board of Regents report to me by December 15, 2002, on alternatives to ensure that the credits-to-degree system is organized in a way that minimizes the cost to taxpayers without adversely affecting students' ability to complete degrees at resident tuition rates.

WISCONSIN TECHNICAL COLLEGE SYSTEM

5. Funding for Travel and Advertising

Sections 94m, 9248 (1) and 9248 (1x)

Section 94m prohibits the state board of the Wisconsin Technical College System from using general purpose revenue (GPR) funds for advertising expenses. In addition, section 9248 (1) reduces GPR-supported state operations funding by \$34,900 in fiscal year 2001-02 and \$156,900 in fiscal year 2002-03. Section 9248 (1x) further reduces

GPR-supported state operations funding by \$40,000 in fiscal year 2002-03 to reflect a 100 percent reduction in advertising funding and a fifty percent reduction in the agency's funding for travel.

I am vetoing section 94m to remove the prohibition against spending on advertising and partially vetoing sections 9248 (1) and 9248 (1x) to retain the \$40,000 GPR reduction, but remove the requirement that the reduction be applied to travel and advertising expenses. There is no compelling reason to single out the technical college system for a limit on advertising. As written, the prohibition would even prevent the state board from advertising to fill vacant positions. Furthermore, given the importance of increasing technical college enrollment to building Wisconsin's economy, providing less information to the public on technical college educational opportunities would be counterproductive. My veto retains the \$40,000 GPR funding reduction, but gives the state board the flexibility to apply the reduction in a manner that does the least harm to the system.

B. ENVIRONMENTAL AND COMMERCIAL RESOURCES

AGRICULTURE, TRADE AND CONSUMER PROTECTION

1. Consumer Protection Transfer to the Department of Justice

Sections 26 [as it relates to s. 20.455 (1) (g)], 27m, 28m, 41g, 41k, 41mp, 259m, 259sd, 259se, 259sf, 259sh, 259sj, 259sm, 259sp, 262m, 263bb, 263bd, 263bg, 263bj, 263bn, 263bq, 263bt, 263bw, 263bz, 263gb, 263gd, 263gg, 263gj, 263gm, 263gp, 263gs, 263gu, 263gx, 263mb, 263mf, 263mj, 263mm, 263mp, 263mr, 263mt, 263mv, 263mx, 263mz, 263nb, 263nd, 263nf, 263nj, 263nm, 263nn, 263no, 263nq, 263nt, 263nv, 263nz, 263pb, 263pf, 263pj, 263pm, 263pp, 263ps, 263pv, 264d, 264h, 264p, 264t, 266m, 267kb, 267kd, 267ke, 267kf, 267kh, 267kj, 267kL, 267kn, 267ko, 267kp, 267kq, 267kr, 267ks, 267kt, 267ku, 267kv, 267kw, 267kx, 267ky, 267kz, 269m, 312m, 314m, 314p, 314r, 338gf, 338m, 338r, 442g, 442m, 442r, 511bg, 511br, 511bz, 511h, 511k, 511p, 516g, 516n, 516p, 516r, 9104, 9131 (2xz), 9204 (14xz), 9231 (10xo) and 9404

These provisions transfer consumer protection functions from the Department of Agriculture, Trade and Consumer Protection and from the Department of Health and Family Services to the Department of Justice.

The provisions reduce the Department of Agriculture, Trade and Consumer Protection's expenditure and position authority by \$2,584,500 GPR and 43.75 FTE GPR positions in fiscal year 2002-03 and increase the Department of Justice's expenditure and position authority by \$1,502,200 GPR and 26.0 FTE GPR positions in fiscal year 2002-03. The provisions also transfer 5.5 FTE PR positions and the authority to collect fee revenue relating to the statewide do-not-call list from the Department of Agriculture, Trade and Consumer Protection to the Department of Justice.

The provisions transfer from the Department of Agriculture, Trade and Consumer Protection to the Department of Justice the authority to protect consumers from fraud and deceptive practices in areas including telephone solicitation and services; motor vehicle rustproofing; cable television services; mail order sales; drug advertising and pricing; and consumer product safety. The provisions also transfer the authority to regulate fitness center staff from the Department of Health and Family Services to the Department of Justice.

In addition, the provisions transfer from the Department of Agriculture, Trade and Consumer Protection to the Department of Justice the authority to prohibit the sale of hazardous substances, flammable fabrics, and unsafe or mislabeled products; investigate and begin court actions relating to consumer protection; require the provision of testimony under oath by persons having knowledge of suspected fraudulent activity; issue subpoenas, administer oaths and hold hearings regarding fraudulent activity; issue general and specific orders prohibiting unfair trade practices; recover overdue fees relating to unfair competition; recover reasonable expenses of prosecution; and promulgate rules relating to consumer protection.

I am vetoing these provisions because I object to the transfer of consumer protection functions from the Department of Agriculture, Trade and Consumer Protection and the

Department of Health and Family Services. The regulation of fitness center staff is most appropriately done by the Department of Health and Family Services. That department has the experience and expertise required to ensure that fitness center staff members have appropriate training in first aid and cardiopulmonary resuscitation. The Department of Justice, as the state's legal services provider, lacks the requisite expertise in these health care matters.

The regulation of consumer protection functions is most appropriately done by the Department of Agriculture, Trade and Consumer Protection. The department has been responsible for trade and consumer protection functions since 1929. The department's extensive experience with consumer protection shows in its strong professional relationships with federal regulators and local officials. The department's direct service philosophy enables it to educate consumers and businesses to prevent and avoid consumer protection problems. When consumers are defrauded, the department works to correct the problem and return money to the hands of consumers as quickly as possible. Only when a company refuses to do the right thing is it necessary to pursue legal action. In those rare cases where complex legal work is required, the Department of Justice is currently authorized to assist the Department of Agriculture, Trade and Consumer Protection and district attorneys.

If consumer protection functions were transferred to the Department of Justice, the direct service philosophy would be undermined by the loss of nearly twenty consumer protection positions and the elimination of regional consumer protection offices. Instead of addressing consumers' educational and individual needs, the Department of Justice would likely continue to employ a litigation philosophy that would create expensive lawsuits against major violators.

COMMERCE

2. Technology Development Grants and Loans

Sections 504c and 504m

These sections direct the Department of Commerce to award at least \$364,400 in Wisconsin development fund technology grants or loans per biennium to pollution reduction or energy conservation projects.

I am vetoing this provision because it is unnecessary. While I support a link between environmental protection and economic development, the department is best able to assess which businesses or consortia will benefit most from grant or loan awards for the research and development of new industrial products and processes. Under the current award process, the department takes into account a project's potential for pollution prevention and energy conservation.

3. Wisconsin Development Fund Reduction

Section 9210 (10w)

This provision reduces funding for the Wisconsin development fund by \$1,000,000 GPR in fiscal year 2002-03.

I am vetoing this provision to preserve funding integral to stimulating economic development. I object to this reduction because current economic conditions, combined with our state's fiscal outlook in the next biennium, make it crucial to grow Wisconsin's economy with technology development and job creation and expansion. Consistent with the objectives of the Build Wisconsin initiative, Wisconsin development fund grants and loans help provide jobs with high wages and good benefits, create new and innovative job training opportunities, and expand funding for technology-based projects.

4. Branding Grant to Forward Wisconsin, Inc.

Sections 17u, 17v, 26 [as it relates to s. 20.143 (1) (hp)], 28no, 28p, 9110 (1c) and 9410 (1e)

These provisions allocate \$50,000 GPR in fiscal year 2002-03 to a newly created appropriation for a one-time grant to Forward Wisconsin, Inc., for a study and proposal on a national brand image related to technology and biotechnology for the state. The Department of Commerce would be required to enter into an agreement with Forward Wisconsin, Inc., that specifies uses for the grant proceeds as well as reporting and auditing requirements. The department would additionally be required to submit a report to the Legislature by December 31, 2003, detailing results and recommendations from the study.

I am vetoing these provisions because I object to this appropriation of new funds during these tight fiscal times. I also object to the long time frame for completion of the study. Building our state's image as a technology and biotechnology hub is vital to economic development plans for Wisconsin, and a national brand image should be developed as quickly as possible.

5. Horse Boarding and Training Facilities Exemption

Sections 267m and 267q

These sections expand the state building code exemption for agricultural buildings to include horse boarding and training facilities without a public viewing area.

I am vetoing these sections because I object to including policy items of this nature in a budget bill. Expanding an exemption from the building code requires consideration that the legislative committee process is best designed to provide.

6. Division of International and Export Services

Sections 9110 (1z) and 9210 (11z) [as it relates to decreasing authorized FTE positions]

These provisions convert 2.5 FTE GPR positions in the Department of Commerce's Division of International and Export Services to program revenue beginning in fiscal year 2002-03.

I am vetoing section 9110 (1z) and partially vetoing section 9210 (11z) [as it relates to decreasing authorized FTE positions] because I object to the reduction in services that would occur. It is unclear if the program revenue collected would cover the costs of staffing these positions since the majority of businesses served by the division are small to medium-sized start-up firms that would unlikely be able to afford fee-based services. Due to the nature of international and export work, each position within the division specializes in a certain market and region making it difficult to shift duties in the case of a vacancy or position cut. If a shift would be required, the availability and quality of the division's services would suffer. I am also requesting the Department of Administration secretary not to authorize the 2.5 FTE PR positions in fiscal year 2002-03.

NATURAL RESOURCES

7. Wetlands Exemption

Sections 150c, 150m, 259h, 369kb, 369ke, 369kg, 369kj, 369km, 369kp, 369kq, 369kr and 369ks

These provisions establish a statewide exemption from wetlands regulation and other state environmental laws for a wetland that complies with certain requirements. The site exempted must be within the corporate limits of a city or village and the exemption request must provide for the creation or restoration of at least two acres of wetland for each acre of wetland affected by the exemption. The site must also comply with existing statutory requirements that provide, in part, that any wetland exempted must be less than fifteen acres in size, be zoned for industrial use and be in the vicinity of a manufacturing facility. A city or village seeking such an exemption must submit a resolution to the Governor before December 31, 2002, stating that the exemption is necessary to protect jobs or to encourage job creation. The Governor must select one site that meets the requirements. The site selected would be exempt from environmental laws relating to wetlands, navigable waters, sewage, pollutant discharge elimination, solid waste facilities, hazardous waste management, remedial action and certain general environmental provisions.

I am vetoing these provisions because I object to the weakening of Wisconsin wetlands protection laws. These provisions set an undesirable precedent by allowing exemptions from a wide range of environmental regulations for projects that do not meet the requirements established to protect Wisconsin's wetlands. State and federal regulations establish standards and procedures for evaluating proposals that affect wetlands. These provisions bypass those regulations and jeopardize the quality of Wisconsin's waters and fisheries.

However, I am concerned about the state's overall regulatory climate and its impact on job creation. As such, I am directing affected agencies to develop a plan for regulatory reform that will allow businesses to secure all necessary permits on a "one-stop" basis. That plan should be developed for consideration in the 2003-05 biennial budget. We must take this step to ensure Wisconsin's competitiveness.

8. Recycling Grant Formula

Sections 370j and 370k

These sections establish a per capita grant formula beginning with grants awarded in 2004 to responsible units of local government operating effective recycling programs. The amount awarded would equal the population of the responsible unit multiplied by a set dollar amount applied across all responsible units. In addition, the grant amount would be limited to the eligible costs incurred by a responsible unit two years earlier. Any county that is the responsible unit for at least seventy-five percent of the county's population would receive the greater of \$100,000 or the per capita amount. For 2004 grants only, a responsible unit that received an award in 2003 will be eligible for an award equal to a minimum of eighty percent of that 2003 award.

I am vetoing these sections because I object to the effect redistribution will have on many communities. Smaller rural communities, in particular, would receive less funding than under the current formula; whereas large urban communities would gain additional funding. This redistribution is not based on the cost-effectiveness and efficiency of the local programs, merely population.

9. Chief Warden

Sections 72L, 362s and 9237 (37g) [as it relates to the decrease in authorized FTE positions]

These sections eliminate 1.0 FTE GPR unclassified administrator position and related funding of \$86,200 GPR in fiscal year 2002-03 in the Department of Natural Resources' Division of Enforcement and Science. In addition, these sections require the department to designate a conservation warden as the chief warden, who must designate an internal affairs officer and a complaint officer to handle grievances against conservation wardens. The chief warden will direct, supervise and control conservation wardens in the performance of their duties.

I am vetoing sections 72L and 362s and partially vetoing section 9237 (37g) [as it relates to the decrease in authorized FTE positions] because I object to the infringement on the executive branch's authority to manage programs. I am requesting that the department follow up on public complaints against a warden's actions to ensure accountability of the wardens. Due to the tight fiscal situation, I am retaining the reduction in funding related to the division administrator position and request the department to reallocate existing funds for this position.

10. Sale of Land by the Department of Natural Resources

Section 72m

This section prohibits the Department of Natural Resources from entering into a contract to sell or exchange state-owned land under its jurisdiction that has a fair market value in excess of \$75,000 without first notifying the Joint Committee on Finance in writing. The section creates a passive approval process under which the Committee must notify the department within 14 working days that the Committee has scheduled a meeting to review the contract. In order to approve the contract, the Committee must determine that the sale price or value of the land to be received in exchange adequately reimburses the state for its costs in acquiring and developing the department's land.

I am vetoing this section because I object to the infringement on executive branch authority to manage programs and the limitation on the Natural Resources Board's ability to dispose of or exchange surplus properties to improve the protection of the state's natural resources.

11. Stewardship Earmark

Section 72p

This section requires the Department of Natural Resources to provide \$250,000 from the land acquisition subprogram of the Warren Knowles-Gaylord Nelson Stewardship 2000 Program to acquire conservation easements along the Plover River in Marathon and Portage counties.

I am vetoing this section because I object to the infringement on executive branch authority to manage programs and because the provision is unnecessary. The department already has the authority to acquire conservation easements with Stewardship 2000 Program funds.

12. Property Maintenance and Development Reduction

Section 9237 (31) [as it relates to the reduction for fiscal year 2002-03]

This section reduces the Department of Natural Resources' appropriation under s. 20.370 (7) (fa), related to property maintenance and development, by \$44,700 GPR in fiscal year 2001-02 and \$58,200 GPR in fiscal year 2002-03.

I am partially vetoing this section to increase the reduction to this appropriation by \$305,100 in fiscal year 2002-03 because I object to the level of expenditure authority in this appropriation during these tight fiscal times. By lining out the amount provided in section 9237 (31) for fiscal year 2002-03 and writing in a larger amount, I am reducing the department's appropriation under s. 20.370 (7) (fa) by an additional \$305,100 in fiscal year 2002-03. I am also requesting the Department of Administration secretary not to allot these funds. The remaining expenditure authority plus the carry forward balance in this appropriation will provide funding of approximately \$3,200,000 for property maintenance and development activities in fiscal year 2002-03.

13. Council on Forestry

Sections 14kr [as it relates to the appointment and terms of members] and 9137 (1v)

These sections designate the members of the Council on Forestry, how they are appointed and the length of their terms. The council is comprised of the chief state forester, four legislators chosen by legislative leadership and fourteen public members appointed by the Governor with consent of the Senate. The members appointed by the Governor would serve five-year terms. Section 9137 (1v) provides for staggered term lengths for the Governor's original appointments.

I am partially vetoing section 14kr [as it relates to the appointment and terms of members] and vetoing section 9137 (1v) to remove the appointment of legislators by legislative leadership, the approval by the Senate of gubernatorial appointments and the specific lengths of members' terms. I object to unnecessary delays in the appointment of council members and the inflexible implementation of members' length of term. The provision codifies the existing Governor's Council on Forestry, which is established by executive order, and the partial veto of this provision will ensure a seamless transition.

14. Definition of Game Animals

Section 84km

This section modifies the definition of game animals to mean any wild animal specified by the Department of Natural Resources, in addition to deer, moose, elk, bear, rabbits, squirrels, fox and raccoon.

I am vetoing this section because I object to this unnecessary specification. The department already has the authority to designate game animals.

15. Fishing Season Closure Date and Fishing Shelter Removal Date

Sections 84mg and 84r

These sections require that all fishing seasons on inland and outlying waters end on a Sunday and that any ice fishing shelter removal date fall on a Sunday.

I am vetoing these sections because I object to the infringement on the Department of Natural Resources' and the Natural Resources Board's authority to manage the state's fisheries and to the likelihood that these provisions will raise administrative costs for fisheries management. Furthermore, requiring Sunday closing and removal dates would disrupt uniform closing dates that have been negotiated with neighboring states and would require yearly updating of season schedules.

TOURISM

16. Badger State Games Assistance

Sections 36kd, 100iz and 9451

This provision requires the Department of Tourism to allocate \$50,000 annually beginning in fiscal year 2002-03 to provide assistance to the Badger State Games.

I am vetoing this provision because it is unnecessary. The department already provides financial assistance to this organization. The state of Wisconsin has been a strong partner with the Badger State Games and will continue to be supportive in the future.

TRANSPORTATION

17. Emergency Preemption Devices

Sections 258pur, 258x, 461u, 9352 (1j) and 9452 (1fh)

These provisions enable political subdivisions to request that the Department of Transportation install emergency preemption devices and confirmation signals on a new traffic signal on a state highway and require the department to comply with the request if the political subdivision contributes fifty percent of the cost. These provisions also require the department to expend federal hazard elimination funds to reduce emergency vehicle response time, regardless of a reduction in motor vehicle accidents. In addition, these provisions require that every new traffic control signal not equipped with a preemption device that is installed by local governments or the department must include the electrical wiring necessary to equip the signal with this device.

I am vetoing these sections because I object to the undue burden they place on the department by requiring it to expend fifty percent of the cost of installation of the preemption devices on traffic signals at the request of the local governments. In addition, I object to placing an unfunded mandate on local governments and the department by requiring them to install wiring for this technology on all new traffic signals without providing additional funding. This activity does not meet federal requirements to use federal hazard elimination funds and the remaining appropriations are insufficient to cover the potential expenses in addition to ongoing maintenance costs. This is an evolving technology and more research is necessary before requiring the department to fund such equipment.

18. Improvements to the USH 51 and Rieder Road Intersection

Section 9152 (2f)

This section requires the Department of Transportation to allocate up to \$300,000 of federal funding for specified improvements to a project on USH 51 in the city of Madison.

I am vetoing this section because the Department of Transportation is working toward a suitable and appropriate solution to safety issues at the intersection of USH 51 and

Rieder Road. The department has installed appropriate safety improvements at the intersection and is currently developing a plan to provide the neighborhood with safe access to USH 51 at an existing signaled intersection.

C. HUMAN RESOURCES

HEALTH AND FAMILY SERVICES

1. Plans for the Centers for the Developmentally Disabled

Section 9123 (3xz)

This section requires the Department of Health and Family Services to establish a task force to study the future of the three centers for the developmentally disabled and make recommendations for needed actions, particularly with respect to the potential closure of a center. The section also specifies the membership of the task force.

I am vetoing this section because it is unnecessary. The department is monitoring the shift of center residents to the community and is studying the future role of the centers. I have directed the secretary of the Department of Health and Family Services to ensure that these actions are being done with full input from the families of residents and interested groups.

2. Ambulance Staffing Requirements

Sections 329r, 329s, 329t, 329u, 329v and 333h

These sections require the Department of Health and Family Services to approve operational plans for ambulance service providers and develop administrative rules. The rules would specify that service providers that were in operation prior to January 1, 2000, must certify that they will always send two paramedics out on ambulance runs. The paramedics must stay together from the beginning of the run to the site of the emergency through the trip to the hospital and back to the station. Ambulance services that began after January 1, 2000, may send a paramedic and an emergency medical technician-intermediate or an emergency medical technician-basic. The emergency medical technicians are qualified to provide fewer patient treatments than a paramedic.

I am vetoing these provisions because I believe that the department should be able to develop rules that would allow staffing flexibility for all ambulance service providers. Wisconsin's current rule requiring two paramedics on each run is one of the strictest in the nation. In this era of extremely tight state and local budgets, providing as much staffing flexibility as possible for localities is beneficial and will help reduce costs while maintaining high-quality emergency services.

3. Public Health Emergencies

Sections 32p, 37n, 42x, 93d, 338g, 367s, 367t and 368t

These sections update and expand upon current statutes related to powers and duties of a variety of entities in responding to a public health emergency. They are based on a national model and give public health officials special powers to identify health threats, control property and take other actions to protect the public's health. They also create

two new sum-sufficient appropriations: one for the State Laboratory of Hygiene and another for the Department of Health and Family Services, and expand the uses of the Department of Military Affairs' Division of Emergency Management's existing sum-sufficient appropriation.

I am vetoing the new sum-sufficient appropriations, references to these new sum-sufficient appropriations and the expanded use of the Division of Emergency Management's appropriation because it is not clear that these changes are necessary. In providing Wisconsin's response to the need for increased security and to the recent anthrax threat, these three agencies were generally able to respond using existing resources by reallocating staff to meet the immediate threats. In the event that any future threat requires staffing and funds that exceed existing resources, procedures are currently in place that can be used to seek emergency funding and staff.

Section 367s also requires the Department of Health and Family Services to submit a report biennially, beginning July 1, 2002, to the Legislature describing the state's preparedness to address public health emergencies. I am vetoing the date because it has already passed. I expect the department to submit a report in a reasonable period of time.

4. Study of Federal Primary Health Care Funding

Section 9123 (3f)

This section requires the Department of Health and Family Services to study ways to increase funding for federally-qualified health centers and submit the report by June 30, 2002.

I am vetoing this section because the due date is already past and the department, as part of its program management, is already examining ways to maximize federal funding for these centers.

5. Bioterrorism Plan

Section 9123 (2g)

This section requires the Department of Health and Family Services to include a number of initiatives in its application for federal bioterrorism funds and submit the plan for review and approval of the Joint Committee on Finance by April 15, 2002.

I am vetoing this section because it is unnecessary. The date for submittal is already past, the department has submitted the federal grant proposal and has received federal funding.

6. Medical Assistance Provider Fraud and Abuse

Sections 38r, 121pb, 121pc, 121pd, 121pe, 121pf, 121pg, 121ph, 121pi, 121pj, 121pk, 121pL, 121pm, 121pn, 121pp, 121pq, 121pr, 121ps, 121pt, 121pu, 121v, 121w, 121wj, 121x, 121y, 145g, 145h, 232f, 359f, 1160rd, 1160ut, 9123 (2w), 9223 (18w), 9323 (3yo), 9323 (3yv), 9323 (3yw), 9323 (3yx), 9323 (3yy), 9323 (3yz), 9323 (3yzv) and 9423 (1yv)

These provisions eliminate new authority granted to the Department of Health and Family Services by 2001 Wisconsin Act 16 to enforce antifraud and provider abuse laws, such as establishing deadlines for provider repayments, requiring repayment before ownership can be transferred and intercepting income tax refunds to repay incorrect provider payments. The provisions also increase the work load of department auditors by subjecting hearings related to the recovery of provider overpayments, notices of decertification, suspensions or sanctions to Class 2 hearing proceeding provisions.

I am vetoing these sections because I object to the restrictions they place on the department's authority to recover payments from fraudulent and abusive Medical Assistance providers. These recoveries are returned to the Medical Assistance program and are used to pay for additional health care services. By limiting antifraud efforts, these provisions could increase the costs of the Medical Assistance program by several million dollars.

7. Medical Assistance Disease Management

Section 9123 (2v)

This section requires the Department of Health and Family Services to develop a request for proposal inviting vendors to submit disease management proposals for the Medical Assistance program by January 1, 2003. I object to requiring the department to complete the process by January 1, 2003, because it does not have a sufficient amount of time to develop a comprehensive request for proposal.

Therefore, I am partially vetoing this section to remove the January 1 deadline, and I am directing the secretary of the Department of Health and Family Services to comply with this provision by April 1, 2003.

OFFICE OF THE COMMISSIONER OF INSURANCE

8. Small Employer Exemption for Point-of-Service Plans

Sections 509c, 509cm and 509d

These sections delete the exemption for small employers, defined as having twenty-five or fewer employees, from having to offer a point-of-service plan. Under current law, employers with over twenty-five employees that offer a health maintenance organization (HMO) insurance plan or a preferred provider plan must offer a standard plan and a plan that has a point-of-service option. Small employers are currently exempt from that requirement.

I am vetoing these provisions because it will severely affect the ability of small employers to continue to offer insurance benefits. All employers are currently facing double-digit increases in health insurance costs and point-of-service plans will further increase these costs to employers and employees. I do not want to endorse a provision that would increase the likelihood that small employers will discontinue or reduce coverage for their employees.

WORKFORCE DEVELOPMENT

9. Expansion of Retroactive Cash Benefits for Wisconsin Works (W-2) Participants

Sections 119g, 119gd, 119gh, 119gi, 119gj, 119gk, 119r, 121k, 9358 and 9458

These provisions would change the rules surrounding retroactive cash benefits for W-2 clients. Under current law, a person may be eligible to receive retroactive cash benefits under the W-2 program if that person's benefit was improperly modified or canceled, or if the benefit was calculated incorrectly, as determined by the W-2 review process. These provisions would require a W-2 agency to provide retroactive cash benefits to persons whose applications were not acted upon with reasonable promptness and persons who were improperly denied a benefit in whole or in part, as determined by the W-2 review process.

I am vetoing these provisions because they could have significant policy ramifications for the operation of the W-2 program. As such, these policy changes should receive the full review of the legislative committee process and should be addressed through separate legislation.

10. Transfer of Temporary Assistance for Needy Families (TANF) Funds

Sections 64g and 9258 (14d)

This provision would transfer \$10,000,000 in unappropriated Temporary Assistance for Needy Families (TANF) funds from the Department of Workforce Development to the Joint Committee on Finance's supplemental appropriation for public assistance programs, to be used for any purpose that is allowed under the TANF program. Under this provision, the department would be required to seek approval from the Joint Committee on Finance under the s. 13.10 process to access the funds.

I am vetoing this provision because it is unnecessary. Under current law, the department may access any unappropriated TANF funds by seeking approval from the Joint Committee on Finance under the s. 16.54 process.

11. Inspection of Contractor Records

Sections 153d, 274c and 274cj

This provision requires all contractors and subcontractors on state or local public works projects subject to prevailing wage laws to allow the public access to inspect payroll records for those projects.

I am vetoing this provision because, under current law, the Department of Workforce Development is already required to inspect payroll records to determine compliance with prevailing wage laws at the request of any person. Following the investigation, those records are made public and may be examined by anyone. For state highway projects, the Department of Transportation is also authorized to inspect payroll records and can require the appropriate district attorney to investigate and prosecute violations as necessary.

Requiring contractors to directly make these records available to the public would create an unnecessary and duplicative burden on private employers. If individuals wish to obtain these documents, they need only file a request with the appropriate department.

D. JUSTICE

CORRECTIONS

1. Interagency and Intraagency Programs Lapse

Section 9211 (2c)

This provision requires the Department of Corrections to lapse \$2,267,800 PR from its interagency and intraagency programs appropriation in fiscal year 2001-02.

I am vetoing the requirement that the amount be lapsed from the interagency and intraagency programs appropriation because I object to the limits this provision places on the department's flexibility. This partial veto will provide the department with the flexibility to lapse the required amount from multiple appropriations within the department.

The effect of this veto will be to require the department to lapse \$2,267,800 to the general fund in fiscal year 2001-02.

2. Visitors Bus

Sections 26 [as it relates to s. 20.410 (1) (gv)], 37m, 377b, 377c and 377d

These provisions create a new annual program revenue appropriation and provide \$60,000 PR in fiscal year 2002-03 for inmate visitor transportation. The Department of Corrections would be allowed to charge a reasonable fee or utilize funding from gifts, grants and donations to pay the cost of transporting persons visiting inmates in state prisons.

I am vetoing these provisions because administration of the program would be difficult under the proposed funding structure. Collection of a fee would be difficult and it is unlikely enough revenue could be generated from fees and donations to sustain the program. As a result of this veto, the department will not operate a visitors bus.

3. Inmate Secure Work Program

Sections 421, 428 and 9411

This provision repeals the inmate secure work program operated by the Department of Corrections.

I am vetoing this provision to allow the department the flexibility to continue to operate an inmate secure work program. The funding and positions associated with the program are being eliminated, but the department will have the ability to operate the program with existing resources. Elimination of the program will reduce the department's ability to provide meaningful work experience to inmates and result in increased inmate idleness. Elimination of the program will also reduce the department's ability to perform community

services such as cleanup efforts following natural disasters, painting public buildings and brush trimming throughout the state.

4. Declining Probation and Parole Fees

Sections 431g and 431k

This provision permits the Department of Corrections to adopt administrative rules to establish a declining supervision fee on a case-by-case basis based on an offender's supervision level.

I am partially vetoing this provision because I object to the limits placed on the department's ability to establish offender supervision fees. The department needs flexibility to establish appropriate fee schedules.

5. Supermax Conversion Study

Section 9111 (4q)

This provision directs the Department of Corrections and the Department of Administration to conduct a study for inclusion in the 2003-05 capital budget for the conversion of the Supermax Correctional Institution from a supermaximum security institution to an institution with a combination of supermaximum and maximum security beds.

I am vetoing this provision because the requirements impose an undue burden and timing requirement at a time when agency budgets are limited.

6. Out-of-State Prison Bed Contracting

Sections 377db, 377dc and 377df

This provision requires the Department of Corrections, when contracting for out-of-state contract beds, to give preference to an entity that meets the following qualifications: house prisoners in facilities near Wisconsin; provide alcohol and other drug abuse treatment, education, job preparation, other elements of treatment, and comprehensive assessment of offenders to establish effective courses of treatment and rehabilitation; offer a facility that is staffed by trained certified professionals; and is managed and supervised by a team of licensed professionals (including educators, certified counselors, vocational specialists and medical professionals). The preference requirement would apply if the entity offers a daily rate that is comparable to the lowest good faith rate offered by other entities offering facilities for out-of-state placement of offenders.

I am vetoing this provision because the requirements impose a burdensome work load without additional resources at a time when agency budgets are limited. The department currently requires potential vendors to provide alcohol and other drug abuse treatment, education, job opportunities and other treatment options to offenders. The department also requires facilities that house Wisconsin inmates to be staffed with trained professionals, including educators and medical professionals.

DISTRICT ATTORNEYS

7. Reduction of Salary and Fringe Benefits Appropriation

Section 9213

This provision reduces the District Attorneys' salary and fringe benefits appropriation by \$541,700 GPR.

I am vetoing this funding reduction because it would permanently reduce the state's efforts to combat crime.

The state and counties share the cost of funding the district attorney offices. The state only funds the salary and fringe benefits and the counties fund all remaining support functions and positions. This base reduction would involve eliminating approximately ten attorneys or leaving attorney positions unfilled.

Given the state's fiscal needs, I am requesting the Department of Administration secretary to place \$541,700 from the appropriation under s. 20.475 (1) (d) into unallotted reserve to lapse to the general fund in fiscal year 2002-03. It is my intention that this reduction be a one-time lapse and not a permanent base reduction. Savings from vacant positions will be sufficient to meet this lapse without limiting the ability of local district attorneys to meet prosecutorial needs.

STATE PUBLIC DEFENDER

8. Private Bar Funding

Section 9239 (1z)

This provision provides \$10,721,200 GPR funding for the private bar appropriation in fiscal year 2002-03.

All state agencies were required to take reductions and have been asked to do more with less funding. Therefore, a contribution by all state agencies is essential in the effort to deal with the state's current fiscal shortfall. While I support the representation of indigent residents in the state of Wisconsin, I feel this increase to the Public Defender Board's budget to be excessive and that the board has to be part of the state's efforts to reduce spending. The board needs to contribute to the state's efforts to restrain costs.

I am vetoing this provision because I object to exempting the board from the spending cuts. By lining out the amount provided in section 9239 (1z) and writing in a smaller

amount, I am reducing the appropriation under s. 20.550 (1) (d) by \$1,033,000 in fiscal year 2002-03. I am also requesting the Department of Administration secretary not to allot these funds.

This amount was identified by the Legislative Fiscal Bureau in the 1999-2001 biennial budget as the increase to the private bar for exempting ten supervisors from the statutory caseload requirements. The reinstatement of supervisory caseloads, along with other measures, will allow the board to absorb this reduction.

9. Hiring Freeze Exemption

Section 9139

This provision exempts the Public Defender Board from the state imposed hiring freeze during the 2001-03 biennium for positions providing trial and appellate representation.

The statewide hiring freeze applies to all executive branch agencies and is an important component in the state's attempt to address the current fiscal shortfall.

I am vetoing this provision because it is unnecessary. An exemption process currently exists to allow agencies to fill needed positions. I request that the Department of Administration work with the board on filling critical vacancies.

TRUTH-IN-SENTENCING

10. Sentencing Commission Funding

Section 26 [as it relates to s. 20.505 (4) (dr)]

This provision provides funding for Sentencing Commission staff.

I am vetoing this provision to eliminate the funding provided for four Sentencing Commission support staff because we need to control spending in all areas of state government. I object to the increased funding level as excessive, given the state's fiscal situation, and therefore I am reducing the funding to a level that is reasonable based on what we can afford in these difficult economic times. By lining out the amount provided in section 26 and writing in a smaller amount, I am reducing the appropriation under s. 20.505 (4) (dr) by \$144,800 in fiscal year 2002-03. I am also requesting the Department of Administration secretary not to allot these funds.

11. Standard of Review on Appeal

Section 1135 [as it relates to s. 973.017 (10)]

This provision allows the appellate court to reverse a sentencing decision on appeal if it determines the sentencing court erroneously exercised its discretion in making the decision or there is not substantial evidence in the record to support the decision.

I am partially vetoing this provision because it would give the appellate court broader authority over trial court decisions. Appellate courts currently refrain from interference with trial court discretion in imposing sentences. The trial court had the opportunity to observe the witnesses, victims and the defendant, placing the trial court in the best position to pronounce an appropriate sentence. Such a dramatic shift in the standard of review should be undertaken only after thorough review by authorities in appellate law and practice.

12. Sentence Calculation

Section 1142 [as it relates to s. 973.15 (2m) (c) 2 and (d) 2]

These provisions require offenders to serve extended supervision prior to parole when multiple sentences are imposed to run consecutive to each other.

I am partially vetoing these provisions because they needlessly complicate existing procedures and place an administrative burden on the Department of Corrections that could lead to increased errors in sentence calculation and offender litigation. Consecutive sentences are currently served in the order they are handed down from the court, which means parole is generally served before extended supervision. These provisions require that when sentences are to be served consecutively, sentences with extended supervision are served first. If an offender has a sentence with a parole provision and receives a consecutive sentence with an extended supervision provision, the extended supervision must be served first, requiring the shifting of the dates for serving the first sentence. The dates for serving all other sentences will need to be adjusted, resulting in an increased potential for errors and litigation if an offender is held longer than the sentence that was imposed.

E. STATE GOVERNMENT OPERATIONS

ADMINISTRATION

1. Printed Publications

Section 9101 (8z)

This provision requires the secretary of the Department of Administration to identify all printed publications made and distributed by executive branch agencies and prohibits the printing of any publication unless deemed essential as determined by the secretary or required by the Wisconsin Constitution or law. Agencies must submit expenditure estimates for the printing of publications to the secretary during the 2001-03 biennium.

I am vetoing the provision because it creates an unnecessary administrative burden on the department and agencies at a time when state operations and staffing levels are being reduced. Agencies are charged by Wisconsin Statute with administering their programs appropriately within the budgetary means provided and are best able to make decisions about using resources provided to meet program needs in a timely way.

2. Performance Evaluation Office Elimination

Section 9201 (10d)

This provision eliminates the Performance Evaluation Office from the Department of Administration. It deletes 8.0 FTE PR positions along with associated salary, fringe benefits and supply funding.

I am vetoing this provision because I believe these resources should be available to the secretary and the Governor to evaluate program performance issues.

3. Program Evaluation and Management Audit

Section 9132 (1c)

This provision requests the Legislative Audit Bureau to conduct an audit of the Department of Administration to determine whether state government could function effectively without such a department.

I am vetoing this provision because the study requested is unnecessary. In addition, the Legislature's Joint Committee on Audit is fully capable of determining which reviews the bureau should undertake in the context of its total work load.

4. Contractual Services Contracts Cost Reviews

Sections 20sa, 20sb and 9301

This provision requires the Department of Administration to review each proposed contract for contractual services in excess of \$150,000 or which the department estimates would require an expenditure in excess of \$150,000, to determine whether the expenditures would be efficient and cost effective.

I am vetoing this provision because it is unnecessary and inefficient. The department has put in place an effective procurement management function which strikes a reasonable balance between central review and approval, and delegated procurement authority in state agencies. The oversight and controls are adequate.

5. Authority for Public Utilities to Retain Transitional Funding

Section 9142 (1v)

This provision permits public utilities to retain the fees they collect from commercial and industrial customers for public benefits conservation efforts. These funds would ordinarily flow to the public benefits energy conservation program in the Department of Administration and be used for energy conservation demonstration projects, renewal energy projects and related projects.

I am vetoing this provision because I object to the diversion of funds from the state program. This veto will ensure continuity in conservation, energy efficiency and economic development projects in the public benefits program.

6. Sale or Lease of Residual State Property

Sections 80m, 258puw, 9101 (9b) and 9107 (1b)

These provisions require the Department of Administration to compile by March 15, 2003, a list of surplus state properties and the fair market value of those properties that have the potential to be sold or leased by the state. The department is also required to submit the compiled list of properties to be sold or leased by October 1, 2003, to the Joint Committee on Finance for approval, subject to a 14-day passive review process. Upon Committee approval of the list, the state must proceed with the sale or lease of those properties. After all outstanding debt is paid on the properties, the net proceeds from the sale or lease of the properties would be deposited into the state's budget stabilization fund.

I am vetoing these provisions because they place unnecessary time constraints on the department that may prevent the state from realizing the full value of any state property sold. In addition, existing state policies on the sale of surplus state property are adequate.

BUDGET MANAGEMENT

7. Structural Balance

Section 25y

This provision requires that, beginning with fiscal year 2005-06, no bill may be adopted by the Legislature that would cause money designated as total expenditures in the statutory general fund condition statement to exceed the sum of money designated as taxes and as departmental revenues in that condition statement for that same fiscal year.

I am vetoing the part of this provision that requires a structural balance beginning in fiscal year 2005-06. This is a good business practice and should be immediately implemented. Therefore, with this partial veto I am making sure that the budget will have a structural balance beginning in fiscal year 2003-04 of the next biennium.

8. State Employee Cap

Sections 18e and 18r

This provision requires the secretary of the Department of Administration to abolish twenty percent of the full-time equivalent positions that became vacant in each agency during the preceding fiscal year. In addition, these provisions require that the funding associated with these abolished positions be permanently removed from the agency's base budget.

I applaud the Legislature's goal of aggressively reducing long-term government operations spending through this measure. However, implementation of the cap poses potentially serious issues. The provision does not differentiate between essential and nonessential positions, nor present a process for granting exemptions. Agencies' abilities to staff programs that maintain public health and safety or operate institutions could be limited with dangerous consequences.

I am partially vetoing this provision to remove the requirement to abolish positions because it may compromise critical programs and public safety. I strongly concur with the goal of reducing the size of government. My veto retains the requirement to report to the Department of Administration regarding the positions which have become vacant during the year, their funding sources and salary levels. This information will enable better central budget planning and decision making.

9. Equitable Statewide Reduction in Agency Services

Section 9159 (5z)

This provision requires executive branch agencies to ensure that any reduction in services funded by appropriations decreased as a result of this act be equitably apportioned between residents of rural and urban areas. This section also requires each agency to submit an expenditure estimate to the secretary of the Department of

Administration for any expenditure to be made from an appropriation that is decreased by this act. Finally, it mandates that the secretary disapprove any estimate that does not equitably apportion service reductions between residents of rural and urban areas.

I am vetoing this provision because of the practical difficulties associated with determining the rural and urban elements of the affected programs. I agree that no part of the state should be disproportionately affected by budget reductions and agencies will attempt to take these factors into account, to the extent practicable, when implementing funding reductions.

10. Priority Order for Agency Layoffs

Section 9156 (1q)

This provision requires that no employee in the classified service in executive branch agencies, excluding the University of Wisconsin System, may be laid off until all unclassified employees are first laid off (excluding the agency head) if layoffs are required as a result of an appropriation reduction under this act.

I am vetoing this provision because it imposes unrealistic obstacles to the management of the executive branch. In order to succeed in solving the budget and fiscal challenges before state government, effective executive leadership continuity must be maintained.

11. Memberships and Dues Lapses

Section 9101 (6e)

This provision requires state agencies to lapse an additional twenty percent of expenditures incurred in fiscal year 2000-01 for dues and memberships in GPR appropriations.

I am partially vetoing this provision to broaden the application of each agency's required lapse so that the agencies may choose which GPR appropriations from which to lapse the funds. This flexibility is desirable and is similar to that provided by my veto of a 2001 Wisconsin Act 16 provision.

12. Prohibiting Certain Cost Allocations and Fee or Assessment Increases

Section 9159 (5c)

This provision prohibits any state agency from increasing fees or assessments, where the agency has the authority to do so, or allocating costs within the agency or between agencies, from program revenue appropriations that were subject to lapses or reductions unless prior approval has been obtained under 14-day passive review by the Joint Committee on Finance.

I am vetoing this provision because it infringes on executive branch authority and is unnecessary. The Joint Committee on Finance already has broad authority to review program revenue appropriations.

BUILDING COMMISSION

13. Distributed Generation Units

Section 20v

This section requires the Department of Administration to investigate the potential to incorporate and use distributed generation units in any state building project that is expected to cost \$5,000,000 or more. The department is required to consider the cost effectiveness of these units, their potential for statewide power generation capacity and their potential for cost savings to the state. The department is also required to report its findings, together with its recommendations and the reasons for its recommendations, to the Building Commission prior to the commission's consideration of a project.

I am vetoing this section because the department already reviews the full range of power generation options in all state building projects.

ELECTRONIC GOVERNMENT AND TECHNOLOGY FOR EDUCATIONAL ACHIEVEMENT IN WISCONSIN BOARD (TEACH)

14. Dissolution of the Department of Electronic Government and its Merger into the Department of Administration and the Transfer of TEACH to the Department of Public Instruction

Sections 7n, 9m, 9n, 10m, 10p, 11n, 13m, 13p, 13q, 14b, 14g, 14h, 14i, 17s, 20n, 20p, 20pm, 20q, 20r, 20sc, 20sd, 20se, 20t, 20tf, 20tm, 20tn, 20ts, 20u, 20uc, 20uL, 23c, 23d, 23f, 23m, 23n, 23no, 26 [as it relates to s. 20.505 (1) (is), (it), (kg), (kL) and (kr)], 30e, 32mm, 32mn, 32mr, 32ms, 32mt, 32mu, 32mv, 32mw, 32mwm, 32mx, 32n, 32nd, 32nm, 32np, 32ns, 32nt, 32nu, 32num, 32nv, 32nw, 32nx, 32ny, 32nz, 32oj, 32om, 44b, 44bd, 44bL, 44bp, 44c, 44ce, 50m, 52h, 52i, 52j, 52k, 52L, 52Lb, 52Lc, 52Ld, 52Ldb, 64L, 68m, 68n, 69g, 69m, 72fb, 72fbm, 72fc, 72fd, 72fe, 72ff, 72fg, 72fh, 72fi, 72fj, 72fk, 72fL, 72fm, 72fn, 72fo, 72fp, 72fq, 72fr, 72frm, 72fs, 72ft, 72fu, 72fv, 72fw, 72fx, 72fy, 72fz, 72fza, 72fzb, 72fzc, 72fzd, 72fze, 72fzf, 72fzg, 72fzh, 72fzi, 72fzj, 72fzk, 72fzL, 72fzm, 72fzn, 84m, 93g, 93m, 100L, 100ng, 100nh, 100nhm, 100nj, 100nk, 100nL, 100nm, 100nn, 100no, 100nom, 100np, 100npr, 100nq, 100nqm, 100nr, 100nrm, 100ns, 100nsg, 100nsm, 100nt, 100ntm, 100nu, 100num, 100nv, 100nvm, 100nw, 100nwm, 100nwt, 100nx, 100ny, 100nym, 100nz, 100nzm, 100oa, 100ob, 100oc, 100od, 100oe, 100of, 100og, 100oh, 100oi, 100oj, 100ok, 100oL, 100om, 100on, 100op, 100oq, 100or, 100os, 100ot, 100ou, 100ov, 100ovm, 100ow, 100ox, 100oy, 258y, 279m, 280m, 284d, 287d, 346c, 346m, 346r, 346rh, 346rm, 346rs, 346rt, 353m, 362m, 362p, 369p, 512m, 9140 (3q), 9159 (5t), 9201 (7q), 9240 (1r), 9259 (1) (a) [as it relates to s. 20.505 (1) (ka) and (ke)], 9259 (9r), 9440 (3q) and 9459 (3q)

These provisions make two significant reorganizations: they dissolve the newly created Department of Electronic Government and transfer its responsibilities to the Department of Administration and they transfer all TEACH programs, duties and staff to the Department of Public Instruction, with the exception of the executive director position, which would be eliminated.

I am partially vetoing the Department of Electronic Government provisions because they are contrary to cost-effective and efficient management of technical government services. My administration's vision for government reform is guided by three principles: government should be citizen-centered, results-oriented and market-based. Effective implementation of E-government is important in making government, in general, more responsive and cost effective.

Success depends on agencies working as a team across traditional boundaries to better serve the people, focusing on citizens rather than individual agency needs. I have charged the Department of Electronic Government and its secretary to actively engage all executive branch agencies in cross-agency teamwork, using E-government to create better ways to serve citizens. I want citizens to be able to go on-line to access state government services, instead of standing in-line.

I am vetoing all provisions deleting the Department of Electronic Government with the exception of section 9259 (1) (a) and section 9259 (9r). I am partially vetoing section 9259 (1) (a) as it affects program revenue lapses from two Department of Administration appropriations to ensure that the lapse of \$1,250,000 to the general fund occurs. Although this lapse is associated with a reduction to the Department of Electronic Government, the lapse will occur from a Department of Administration appropriation as a result of this partial veto. I am also partially vetoing section 9259 (9r) in order to ensure that the scheduled program revenue lapse of \$5,286,800 occurs in the Department of Electronic Government appropriation as was intended. I am requesting the secretary of the Department of Electronic Government to reduce spending by an additional \$512,300 PR-S in fiscal year 2002-03 to replace the savings that would have occurred if the department had been eliminated.

I am also vetoing the provisions which transfer TEACH to the Department of Public Instruction because I believe that an independent educational technology program best serves the state's educational technology needs. By maintaining the TEACH program in its current form and at its present size, the state will be able to respond to local educational technology needs in a more seamless and flexible manner. Furthermore, I believe the independent TEACH board is the most appropriate location for these activities since TEACH administers programs that benefit not only elementary and secondary schools, but also private colleges and universities, technical colleges and secured correctional facilities.

The effect of this veto will be to restore the Department of Electronic Government and TEACH as independent agencies, and to restore the positions proposed for elimination. The fiscal effect of the veto is to increase GPR funding by \$102,500 and to decrease the GPR lapse by \$125,000 in fiscal year 2002-03.

LEGISLATURE

15. Legislative Audit Bureau – Large Program Performance Study

Section 11m

This provision directs the Legislative Audit Bureau to conduct every five years a management and performance evaluation audit of each large program in state government, including an appraisal of practices, operating procedures and organizational structures. In addition, the bureau must also conduct, at least every five years, an evaluation of supervisor to staff ratios in larger state agencies. Finally, the bureau must establish a toll-free telephone number to receive reports of fraud and waste in state government.

I am vetoing this provision because it is unnecessary. The Legislature's Joint Audit Committee is fully capable of determining which reviews the bureau should undertake in the context of its total work load.

REGULATION AND LICENSING

16. Regulation of Boxing

Sections 464bb, 464bd, 464bf, 464bh, 464bj, 464bL, 464bn, 464bp, 464br, 464bt, 464bv, 464bx, 464bz, 464cb, 464cd, 464cf, 464ch, 464cj, 464cL, 464cn, 464cp, 464cr, 464ct and 464cv

This provision incorporates the requirements of 2001 Assembly Bill 163 relating to the deregulation of amateur boxing contests and the continued regulation of professional boxing contests. This would exempt amateur boxing contests from regulation by the Department of Regulation and Licensing and delete the \$10 annual fee charged to an amateur boxing club sponsoring such events. The department would retain its current law authority to regulate professional boxing contests.

I believe there is merit in the substance of the provisions. However, this policy should be addressed through separate legislation, not a budget bill. I am, therefore, vetoing this provision.

F. TAX, FINANCE AND LOCAL GOVERNMENT

EMPLOYMENT RELATIONS COMMISSION

1. Disciplinary Procedures for Certain Local Law Enforcement Officers and Firefighters

Sections 150g and 9359 (7v)

This provision relates to disciplinary procedures for certain local law enforcement officers and firefighters. While it gives precedence to an appeal process covered by a collective bargaining agreement in a disciplinary action, it also gives the public safety officer the option to appeal to circuit court instead. This provision does not apply to the city of Milwaukee.

I am vetoing this provision because this type of policy issue is best addressed as separate legislation using the legislative committee process in both houses to examine the merits of such changes to disciplinary procedures.

INVESTMENT BOARD

2. Venture Capital Investment

Section 79s

This provision requires that the State of Wisconsin Investment Board make an effort before June 30, 2004, to invest not less than \$50,000,000 in venture capital investment firms. The provision further stipulates that any venture capital firm that receives money from the board must make an effort to invest that money in businesses located in the areas of Green Bay, Eau Claire, Madison, Janesville-Beloit, La Crosse, Stevens Point-Marshfield, Racine-Kenosha, Milwaukee, Sheboygan-Manitowoc, Superior, the Fox River Valley, Wausau and within the boundaries of any federally recognized Indian reservation.

I am vetoing the part of this provision that limits this money to specific locations because it is in the best interest of the state to encourage investment wherever new ideas and resources spur new business. Limiting this money to particular geographic regions creates unnecessary restrictions that stifle the very innovation this provision attempts to encourage. Limiting seed money for new business to twenty-two of Wisconsin's seventy-two counties excludes many rural areas and several University of Wisconsin campuses and pits regions of the state against each other. Therefore, with this veto I am making sure that money be made available to all Wisconsin firms that promote the economic growth of the state and the creation of an entrepreneurial culture.

PUBLIC SERVICE COMMISSION

3. Cogeneration Facility at the University of Wisconsin-Madison

Section 9156 (2z)

This provision establishes requirements for the construction of a cogeneration plant that provides electric, steam or chilled water services on the campus of the University of Wisconsin-Madison. Included among the requirements is that construction of the facility would be completed by July 1, 2004.

I am partially vetoing this provision to remove the July 1, 2004, deadline because it may adversely affect the construction of this facility. While I expect that construction will be completed by July 1, 2004, unforeseen developments occur in many construction projects that delay completion.

4. Exemption from Hiring Freeze for Certain Vacant Commission Positions

Sections 9142 (1x) and 9259 (1) (b)

These provisions exempt 3.0 FTE PR positions at the Public Service Commission related to environmental analyses and engineering reviews from the current freeze on hiring staff and stipulates that the secretary of the Department of Administration would be prohibited from lapsing \$707,700 PR from the commission's utility regulation appropriations account unless the commission fills these vacant positions.

I am vetoing these provisions because personnel decisions should rest with agencies and fiduciary responsibility for program revenue transfers should rest with the Department of Administration. If the commission feels that these positions are necessary in ensuring that environmental standards be maintained, then the commission should file for an exemption from the hiring freeze with the Department of Administration. I have asked the Department of Administration to work with the commission to ensure environmental analyses and engineering reviews are completed on time.

I remain fully committed to meeting the state's electric capacity needs in support of economic development and job creation. My veto will not compromise those efforts.

DEPARTMENT OF REVENUE

5. Fiscal Year 2001-02 Budget Reductions

Sections 9244 (1), 9244 (2), 9244 (3) and 9244 (4)

These sections specify reductions in certain GPR appropriations for the Department of Revenue. More specifically, for fiscal year 2001-02, these sections decrease the department's GPR operations appropriations by 3.5 percent across-the-board.

I am partially vetoing these sections because a reallocation of the fiscal year 2001-02 reductions is necessary to reflect the department's savings efforts. By seeking to best

fulfill its mission while generating savings identical to the bill, the department developed a savings pattern different than that yielded by this simple across-the-board calculation.

To implement the reallocation, I am taking two actions. First, I am vetoing for fiscal year 2001-02, the \$1,616,300 GPR reduction to the appropriation under s. 20.566 (1) (a), the \$354,800 GPR reduction to the appropriation under s. 20.566 (2) (a), the \$717,400 GPR reduction to the appropriation under s. 20.566 (3) (a) and the \$179,500 GPR reduction to the appropriation under s. 20.566 (3) (b). Second, to provide an equivalent savings to the general fund, I am requesting the Department of Administration secretary to place in unallotted reserve in fiscal year 2001-02 the following amounts to lapse to the general fund: \$190,400 GPR from the appropriation under s. 20.566 (1) (a), \$62,800 GPR from the appropriation under s. 20.566 (2) (a), \$812,300 GPR from the appropriation under s. 20.566 (3) (a) and \$1,802,500 GPR from the appropriation under s. 20.566 (3) (b). Because the dollar total of both of these actions is \$2,868,000 GPR, this veto has no fiscal impact.

6. Fiscal Year 2002-03 Budget Reductions and Positions

Sections 9144 (1vv), 9144 (1vw) and 9244 (1)

Sections 9144 (1vv) and 9144 (1vw) require the Department of Revenue to retain thirteen agents in the department's alcohol and tobacco enforcement section and ten large-case auditors in New York at least until July 1, 2003. Section 9244 (1), in part, specifies that the department's appropriation under s. 20.566 (1) (a) shall be decreased by \$636,600 GPR in fiscal year 2002-03. This reduction to the appropriation under s. 20.566 (1) (a) is significantly below my initial reduction to the appropriation and reflects the Legislature's action to provide funding for the positions it directed the department to retain.

I am vetoing sections 9144 (1vv) and 9144 (1vw) because these directives are unnecessarily restrictive. With my veto, the department will be able to better allocate resources to meet its overall tax collection mission. I am partially vetoing section 9244 (1) by lining out the amount related to fiscal year 2002-03 and writing in a larger amount. This partial veto will reduce the appropriation under s. 20.566 (1) (a) by an additional \$896,200 GPR in fiscal year 2002-03. I am also requesting the Department of Administration secretary to not allot these funds. I am making this partial veto of section 9244 (1) because the budget flexibility provided by vetoing the position directives will enable the department to more efficiently use its resources. Eliminating \$896,200 GPR from the department's fiscal year 2002-03 budget as passed by the Legislature will also return the department's overall budget reductions to the five percent cut I specified in my initial budget reform bill provisions, exclusive of the additional resources provided for modifying tax forms for campaign finance reform. This amount is less than the 6.5 percent reduction that will be incurred by most agencies.

SHARED REVENUE AND TAX RELIEF

7. Expenditure Restraint and Shared Revenue Utility Payments

Sections 54, 55, 234, 234b, 244d, 245, 246, 247, 248, 249, 250 and 251

These provisions end payments under the Expenditure Restraint Program and the utility component of shared revenue. These provisions also set the total to be distributed under the bill's new County and Municipal Aid Account at \$999,709,900 beginning in 2004.

I am partially vetoing these provisions because expenditure restraint and utility payments should both be retained. As a result of my veto, expenditure restraint and utility payments will continue and funding under the newly created County and Municipal Aid Account will be decreased by an estimated \$86,900,000. Expenditure restraint payments will be set at the current law amount of \$58,145,700 for 2004 and beyond. Shared revenue utility payments will adjust annually to the amount determined by the current law formulas and are estimated at \$28,800,000. Total shared revenue funding will remain at \$999,709,900 for 2004 and beyond except that this total will increase or decrease according to changes in utility payments.

Through the new County and Municipal Aid Account, the bill modifies shared revenue to reward communities that create savings through consolidation and cooperation. Specifically, up to \$45,000,000 of shared revenue funding will be reallocated to counties and municipalities that save taxpayer dollars by working together. While this new program marks a significant step forward in Wisconsin's willingness to examine how costs can be reduced, the loss of the existing cost containment feature of the Expenditure Restraint Program would be unfortunate. My veto to restore expenditure restraint payments means that shared revenue will now include two savings incentives, rather than only one.

My veto also encourages economic growth. Under the bill as passed by the Legislature, the incentive to host new power plants would have been eliminated. With my veto, localities that host new power plants will continue to be rewarded for helping Wisconsin secure a better future.

Given the strong link between energy and economic growth, I remain committed to ensuring a strong state effort to guarantee our energy supplies. Since my veto can only restore current law utility payments, I once again encourage the Legislature to pass improvements to this vital program.

8. Definition of Agricultural Land for Use Value

Sections 156b, 156d, 156e, 9144 (1m) and 9344 (1m)

These sections, in part, provide that land in agricultural use is eligible for use value assessment if the land is on a farm and a form has been filed that specifies that the land is part of a farm. These sections also require that a form must be filed with the local assessor when land is no longer eligible for use value.

I am partially vetoing these sections to eliminate the requirement that land in agricultural use must be on a farm to receive use value. I am also partially vetoing these sections to eliminate the filing requirements. I am making these partial vetoes because these requirements will cause substantial confusion, unnecessary work and will take needed tax breaks away from deserving farmland.

The bill defines a farm as a business engaged in activities included in crop production or animal production as specified under the North American Industry Classification System. Because this definition is too narrow, however, to include several types of land currently included in the Department of Revenue's definition of agricultural use, the bill may force property tax increases on a substantial amount of agricultural land. As a result of my veto, land devoted to Christmas tree and ginseng growing, as well as land enrolled under certain federal conservation programs, will clearly remain under use value.

Besides this definitional concern, the bill's filing requirements are unnecessary, inefficient and counterproductive. Under the bill, if any farmer fails to file a form specifying the parcels included in the farm by March 1st, the land loses use value assessment. This will occur even if the land has been in agricultural use for many years and there is no doubt that the land is farmland. If a form is not filed, the bill demands that the land be revalued. Since the reclassification of the land may be reversed through appeal, this extra work load can be a waste of time and effort. Finally, the requirement that a form be filed when land is no longer eligible for use value is unneeded because assessors will be, in virtually all cases, already aware of changes related to the use of the land.

Because of my vetoes, farmers will not need to take any action, or file any form, to continue receiving use value benefits. There will be no need for tens of thousands of farmers to file forms that state the obvious and not a single acre of farmland will inadvertently lose its use value assessment because of improper definitions or bureaucratic requirements.

9. Annexation in Dane County

Section 151e

This section allows a city or village to annex certain town territory in Dane County by a two-thirds vote of the city or village's governing body until December 31, 2003.

I am vetoing this section because better means are available to improve consolidation and cooperation among localities. This provision is targeted at one municipality, the town of Madison, and provides no voice to the residents of the territory that would be annexed. Instead of this piecemeal and involuntary approach, a more comprehensive and positive solution to municipal fragmentation is needed. Fortunately, the bill includes such an approach. The consolidation incentive program created by the bill provides localities with a significant stimulus to seek win-win arrangements. It applies to not only the consolidation of services, but to the consolidation of municipalities as well. While I fervently encourage our local governments to increase cooperative efforts, I will not allow one locality to force its will upon another. Instead, I will promote the use of the

new consolidation incentive program and request the Task Force on State and Local Government to examine how win-win consolidations may be better facilitated by the state.

10. Local Subdivision Regulation

Section 367e

This section allows a municipality to require, as a condition for approval of a land division, the dedication of land or the payment of fees for the construction of public facilities.

I am vetoing this section because such sweeping authority demands further examination before being implemented. Although state law includes distinct criteria, including a needs assessment, for determining the appropriateness of impact fees, this provision allows subdivision fees to be imposed for a broad scope of purposes. It also allows subdivision fees to be imposed when impact fees are prohibited. To examine these conflicts and concerns, I request the Task Force on State and Local Government to review subdivision regulations. This review will help Wisconsin balance the need for revenues to serve newly developed areas with the need to preserve and promote economic growth.