



# STATE OF WISCONSIN Assembly Journal

## Ninety-Sixth Regular Session

THURSDAY, April 15, 2004

The Chief Clerk makes the following entries under the above date:

### ADMINISTRATIVE RULES

#### Assembly Clearinghouse Rule 04-017

Relating to the certification and regulation of occupational therapists and occupational therapy assistants. Submitted by Department of Regulation and Licensing. Report received from Agency, April 6, 2004. To committee on **Health**. Referred on April 15, 2004.

#### Assembly Clearinghouse Rule 04-019

Relating to purses paid to greyhound owners who are residents of the State of Wisconsin. Submitted by Department of Administration. Report received from Agency, April 7, 2004. To committee on **State Affairs**. Referred on April 15, 2004.

- Assembly Bill 411
- Assembly Bill 423
- Assembly Bill 426
- Assembly Bill 431
- Assembly Bill 443
- Assembly Bill 508
- Assembly Bill 516
- Assembly Bill 551
- Assembly Bill 554
- Assembly Bill 560
- Assembly Bill 624
- Assembly Bill 628
- Assembly Bill 709
- Assembly Bill 728
- Assembly Bill 730
- Assembly Bill 732
- Assembly Bill 735
- Assembly Bill 755
- Assembly Bill 830
- Assembly Bill 841
- Assembly Bill 858
- Assembly Bill 925
- Assembly Bill 926
- Assembly Bill 932

Presented to the Governor on Thursday, April 15.

*PATRICK E. FULLER*  
Assembly Chief Clerk

### CHIEF CLERK REPORTS

The Chief Clerk records:

- Assembly Bill 600
- Assembly Bill 601
- Assembly Bill 665
- Assembly Bill 792
- Assembly Bill 793
- Assembly Bill 859
- Assembly Bill 890

Presented to the Governor on Wednesday, April 14.

### EXECUTIVE COMMUNICATIONS

State of Wisconsin  
Office of the Governor  
Madison

April 14, 2004

To the Honorable Members of the Assembly:

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

| <u>Bill Number</u> | <u>Act Number</u> | <u>Date Approved</u> |
|--------------------|-------------------|----------------------|
| Assembly Bill 812  | ..... 229 .....   | April 13, 2004       |
| Assembly Bill 650  | ..... 230 .....   | April 13, 2004       |
| Assembly Bill 437  | ..... 231 .....   | April 13, 2004       |
| Assembly Bill 485  | ..... 232 .....   | April 13, 2004       |
| Assembly Bill 608  | ..... 233 .....   | April 13, 2004       |
| Assembly Bill 695  | ..... 234 .....   | April 13, 2004       |

- Assembly Bill 67
- Assembly Bill 84
- Assembly Bill 131
- Assembly Bill 195
- Assembly Bill 207
- Assembly Bill 209
- Assembly Bill 254
- Assembly Bill 306
- Assembly Bill 396
- Assembly Bill 402

|                                    |     |                |
|------------------------------------|-----|----------------|
| <b>Assembly Bill 868</b> . . . . . | 235 | April 13, 2004 |
| <b>Assembly Bill 913</b> . . . . . | 236 | April 13, 2004 |
| <b>Assembly Bill 197</b> . . . . . | 239 | April 13, 2004 |
| <b>Assembly Bill 519</b> . . . . . | 240 | April 13, 2004 |
| <b>Assembly Bill 13</b> . . . . .  | 242 | April 13, 2004 |
| <b>Assembly Bill 157</b> . . . . . | 243 | April 13, 2004 |
| <b>Assembly Bill 200</b> . . . . . | 244 | April 13, 2004 |
| <b>Assembly Bill 210</b> . . . . . | 245 | April 13, 2004 |
| <b>Assembly Bill 286</b> . . . . . | 246 | April 13, 2004 |
| <b>Assembly Bill 424</b> . . . . . | 247 | April 13, 2004 |
| <b>Assembly Bill 530</b> . . . . . | 248 | April 13, 2004 |
| <b>Assembly Bill 623</b> . . . . . | 249 | April 13, 2004 |
| <b>AB 859 (in part)</b> . . . . .  | 256 | April 15, 2004 |
| <b>Assembly Bill 792</b> . . . . . | 257 | April 15, 2004 |
| <b>Assembly Bill 793</b> . . . . . | 258 | April 15, 2004 |
| <b>Assembly Bill 890</b> . . . . . | 259 | April 15, 2004 |
| <b>Assembly Bill 600</b> . . . . . | 265 | April 15, 2004 |
| <b>Assembly Bill 601</b> . . . . . | 266 | April 15, 2004 |

Respectfully submitted,  
*JAMES DOYLE*  
 Governor

**GOVERNOR’S VETO MESSAGE**

April 15, 2004

To the Honorable Members of the Assembly:

I am vetoing **Assembly Bill 665** in its entirety. This bill modifies provisions relating to consumer loans commonly referred to as payday loans. Under the bill, a payday lender must provide notice prior to disbursement of funds that compares the cost of the loan if paid in full to the cost if refinanced three times. The lender must also notify the loan recipient that a payday loan is not intended for long-term financial needs, that it should be used only for financial emergencies, and that consecutive payday loans will require additional interest and can cause financial hardship. Required notifications must also inform a payday loan recipient that he/she shall have no obligation to pay interest or fees if the loan principal is returned by the close of business the day following disbursement of funds. In addition to required notifications, the bill limits payday loans to four consecutive transactions, terms not to exceed 35 days and a disbursement not to exceed \$5,000. The \$5,000 limitation on a payday loan shall be adjusted annually for inflation under rules to be promulgated by the Department of Financial Institutions. Finally, the bill prohibits a payday lender from initiating or threatening to initiate criminal prosecution for failure of a recipients check or electronic transfer to be paid by the financial institution from which it was drawn.

In 2003, Wisconsin’s payday consumers paid nearly \$85 million in payday lending fees and more than 90 percent of those fees went directly to out-of-state companies. This industry has a huge economic impact on our communities and we need to seriously address this issue. A study by the Department of Financial Institutions showed that the average annual net income of payday borrowers is less than \$19,000 and that over half of the loans analyzed were refinanced. Too

often these loans come at a very high price to those who can least afford to pay it. The intent of this bill is to strengthen laws regulating payday loans to protect Wisconsin consumers. Unfortunately, this legislation does not go far enough.

The provisions of this bill do little to change the current practices of payday lenders or to improve on current consumer protection laws. Consumers who turn to payday lenders in times of financial need are often vulnerable and not in a position to fully consider the terms of the agreement in the few minutes it takes to process these transactions. Current law already limits fees and interest paid on consumer loans for which principal is returned within one day. In addition, the department’s authority has already been interpreted to protect payday loan recipients from prosecution under worthless check statutes. Finally, without a means of tracking payday loans, provisions limiting the number of consecutive transactions will be unenforceable.

I encourage the Legislature to work with my administration and other concerned groups to draft legislation that will make real changes in the regulation of payday lending and that will ensure the protection of Wisconsin consumers.

Respectfully submitted,  
*JIM DOYLE*  
 Governor

April 15, 2004

To the Honorable Members of the Assembly:

I have approved **Assembly Bill 859** as [2003 Wisconsin Act 256](#) and have deposited it in the Office of the Secretary of State. I have vetoed Section 3 (1)(b).

This bill increases funding for manufacturing extension grants by \$750,000 GPR annually in fiscal years 2003-04 and 2004-05 and decreases funding to the Wisconsin Development Fund by \$1,500,000 GPR in fiscal year 2003-04. In addition, the bill allows the Department of Commerce to award \$1,500,000 in manufacturing extension grants in each fiscal year, beginning in fiscal year 2004-05. The bill also removes the restriction that organizations receiving manufacturing extension grants cannot receive grants and loans from the Wisconsin Development Fund.

While I fully endorse providing additional funds to promote and advance technology in manufacturing processes, I object to a reduction in funds to the departments Wisconsin Development Fund. This fund is a key tool in our statewide effort to grow Wisconsin. I am vetoing Section 3(1)(b) to delete the decrease of \$1,500,000 GPR to the appropriation under s. 20. 143(1)(c). I am confident that the investments by the Manufacturing Extension Partnership and the Wisconsin Development Fund will result in economic benefits to Wisconsin that far exceed this additional expenditure.

Respectfully submitted,  
*JIM DOYLE*  
 Governor

**COMMUNICATIONS**

State of Wisconsin  
Office of the Secretary of State  
Madison

To Whom It May Concern:

Acts, Joint Resolutions and Resolutions deposited in this office have been numbered and published as follows:

| <u>Bill Number</u> | <u>Act Number</u> | <u>Publication Date</u> |
|--------------------|-------------------|-------------------------|
| Assembly Bill 738  | 222               | April 26, 2004          |
| Assembly Bill 265  | 223               | April 26, 2004          |
| Assembly Bill 652  | 224               | April 26, 2004          |
| Assembly Bill 341  | 225               | April 26, 2004          |
| Assembly Bill 390  | 226               | April 26, 2004          |
| Assembly Bill 533  | 227               | April 26, 2004          |
| AB 323 (in part)   | 228               | April 27, 2004          |
| Assembly Bill 812  | 229               | April 27, 2004          |
| Assembly Bill 650  | 230               | April 27, 2004          |
| Assembly Bill 437  | 231               | April 27, 2004          |
| Assembly Bill 485  | 232               | April 27, 2004          |
| Assembly Bill 608  | 233               | April 27, 2004          |
| Assembly Bill 695  | 234               | April 27, 2004          |
| Assembly Bill 868  | 235               | April 27, 2004          |
| Assembly Bill 913  | 236               | April 27, 2004          |
| Assembly Bill 197  | 239               | April 27, 2004          |
| Assembly Bill 519  | 240               | April 27, 2004          |
| Assembly Bill 13   | 242               | April 27, 2004          |
| Assembly Bill 157  | 243               | April 27, 2004          |
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| Assembly Bill 286  | 246               | April 27, 2004          |
| Assembly Bill 424  | 247               | April 27, 2004          |
| Assembly Bill 530  | 248               | April 27, 2004          |
| Assembly Bill 623  | 249               | April 27, 2004          |

Sincerely,  
*DOUGLAS LA FOLLETTE*  
Secretary of State

**REFERRAL OF AGENCY REPORTS**

State of Wisconsin  
University of Wisconsin System  
Madison

**DATE:** April 6, 2004  
**TO:** Patrick E. Fuller  
Assembly Chief Clerk  
**FROM:** Katharine C. Lyall, President  
**TO:** Report pursuant to s. 36.25 (14m)(c),  
Wis. Stats.

At its meeting April 2, 2004, the Board of Regents accepted the attached report for submission to the Chief Clerk of each

house of the Legislature for distribution to the appropriate standing committees under s. 13.172 (3).

Section 36.25 (14m)(c), Wis. Stats., requires the Board of Regents to submit a report to the Governor and to the Chief Clerk of each house of the legislature annually by April 15 on its precollege, recruitment, and retention plan for minority and disadvantaged students. The report must also include information on financial aid programs serving those students. The report for 2002–2003 is attached.

If you need additional information regarding this report, please contact Andrea-Teresa Arenas, Assistant Vice President for Academic Affairs, at 262-8636.

Referred to committee on **Colleges and Universities**.

State of Wisconsin  
Department of Administration  
Madison

April 7, 2004

To the Honorable, the Legislature:

In accordance with Wisconsin Statutes section 13.172 (2) and section 16.957 (2)(d)4, the department submits the FY2003 Annual Report on the Public Benefits Fund.

The Public Benefits Fund supports the Focus on Energy program and Wisconsin Home Energy Assistance programs.

If you would like to receive this report electronically, you may call Pat Middleton at 6-9770 to make that request.

Please let me know if you have any questions about the report or the programs.

Sincerely,  
*MARC J. MAROTTA*  
Secretary

Referred to committee on **Energy and Utilities**.

**AGENCY REPORTS**

State of Wisconsin  
Legislative Audit Bureau  
Madison

April 14, 2004

To the Honorable, the Legislature:

At the request of the Department of Health and Family Services (DHFS), we have completed a financial audit of the Health Insurance Risk-Sharing Plan (HIRSP) for fiscal year (FY) 2002-03. HIRSP provides medical and prescription drug insurance for more than 17,000 policyholders who are unable to obtain coverage in the private market or who lost employer-sponsored group health insurance. We have provided an unqualified opinion on HIRSP's financial statements.

HIRSP's financial position continues to improve: its accounting deficit was \$0.9 million on June 30, 2003,

compared to \$6.0 million on June 30, 2002. In addition, a balance in the excess policyholder premium account increased significantly during FY 2002-03, from \$3.0 million to \$10.4 million as of June 30, 2003. By statute, the excess premium balance can be used only for purposes that benefit policyholders, such as for reducing premium levels to a statutory floor of 140 percent of standard risk rates.

Despite an improving financial position, HIRSP faces continuing management and funding challenges because of increasing enrollment and claims costs. In FY 2002-03, enrollment increased 16.9 percent and claims costs increased 27.8 percent. In addition, general purpose revenue (GPR) support was eliminated beginning in FY 2003-04. Costs previously covered by GPR, which totaled \$10.2 million in FY 2002-03, are now covered by policyholders, insurers, and health care providers. Further, legislative action will be needed to address a technical issue that DHFS and HIRSP's

contracted actuary have identified in HIRSP's statutory funding formula.

During our prior audit, we recommended DHFS increase its oversight of prescription drug claims, which totaled \$32.4 million in FY 2002-03, through independent audits of the pharmacy benefit management company's controls. DHFS is currently conducting a competitive procurement process to select the plan administrator that will be administering HIRSP beginning in January 2005, and it has included a requirement for such audits in the Request for Vendor Proposals that will be used to award a new contract.

We appreciate the courtesy and cooperation extended to us by DHFS and the plan administrator for HIRSP. A response from DHFS follows the appendix.

Respectfully submitted,  
*JANICE MUELLER*  
State Auditor