

**VETO MESSAGE**

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**A. EDUCATION AND WORKFORCE DEVELOPMENT**

**ARTS BOARD**

**1. Required Lapse to the General Fund**

*Section 9204*

This section requires the Wisconsin Arts Board to lapse five percent of the total amount appropriated under each of the board's general purpose revenue appropriations to the general fund in fiscal years 2005-06 and 2006-07.

I am vetoing this section in its entirety to preserve state funding for the arts. State support for the arts in Wisconsin, on a per capita basis, is only one-third of the national average, ranking Wisconsin near the bottom nationally in state support for arts programs. Given the continuing importance of cultural programs to Wisconsin's economic development and quality of life, the insignificant savings that would result from this lapse is not worth putting the arts in Wisconsin at an even greater risk.

**HIGHER EDUCATIONAL AIDS BOARD**

**2. Wisconsin Higher Education Grants; University of Wisconsin System Students**

*Section 166d*

This section caps the sum sufficient appropriation for the Wisconsin Higher Education Grants for University of Wisconsin System students at \$37,057,200 in fiscal year 2005-06 and \$39,280,600 in fiscal year 2006-07.

I am partially vetoing this section to increase the cap to \$45,057,200 in fiscal year 2005-06. I object to the Legislature's failure to keep the doors of higher education open to all Wisconsin students, regardless of their family income. The Legislature would have provided \$76.3 million over the 2005-07 biennium for Wisconsin Higher Education Grants, an \$11.1 million reduction from my original budget proposal. If signed into law, this reduction would make it increasingly difficult for low-income students to pay for a University of Wisconsin education. Furthermore, the Legislature rejected my proposal to increase the statutory maximum for grant awards from \$2,500 to \$3,000, making it impossible for the board to hold the neediest students harmless from University of Wisconsin tuition increases for the full 2005-07 biennium. As a result of the Legislature's refusal to increase the maximum grant award, the board must now send letters rescinding 2005-06 financial aid awards above \$2,500 to those University of Wisconsin students with the greatest financial need.

This veto, while not able to restore my proposal to increase the maximum grant amount, more closely reflects my original proposal to protect lower income students from University of Wisconsin tuition increases over the next two academic years.

My original budget called for \$87.4 million to be appropriated for Wisconsin Higher Education Grants for University of Wisconsin System students over the biennium. While the Legislature decreased the amount to \$76 million, my veto will increase the amount for grants to \$84.3 million, \$8 million above the amount provided by the Legislature. Maintaining adequate financial aid is a critical component to keep higher education accessible and affordable and is also central to Wisconsin's long-term economic development goal of increasing the number of citizens with a college education. My veto will help to expand postsecondary opportunities for all qualified students and reverse the Legislature's decision to make the University of Wisconsin less affordable for students from low- and moderate-income backgrounds.

## **PUBLIC INSTRUCTION**

### **3. School District Revenue Limits**

*Sections 1915, 1915d, 1915e, 1915f, 1915g, 1915h, 1919 and 1919d*

These sections reduce the allowable increase in school district revenue per pupil under the school district revenue limits to \$120 for the 2005-06 school year and to \$100 for the 2006-07 school year and every year thereafter. Under current law, the allowable increase in school district revenue per pupil under the revenue limits would be \$248 in 2005-06 and an estimated \$252 in 2006-07.

As I did in the 2003-05 biennial budget, I am vetoing these sections because they significantly reduce the resources available to invest in our children and make it extremely difficult for our locally elected school boards to provide all pupils with a quality education. Since 1993, the state has subjected school districts to the most stringent revenue controls imposed on any unit of local government in order to slow the growth of property taxes. While I believe that it is fiscally prudent to keep current law revenue limits in place, the provisions passed by the Legislature would reduce school spending to levels below inflation and would force districts to make deep cuts in the classroom.

Defenders of reducing revenue limit authority like to point out that school aids and tax credits will still increase by \$458 million over the biennium, even after the \$480 million cut to my original, fiscally responsible school aid and school levy tax credit proposal. They believe that, with an increase of this magnitude, schools should have little to complain about.

What proponents fail to explain is that general school aid, while critical for property tax relief, has little to do with what school districts can actually spend. Revenue limits do, and these provisions would forever cap per pupil revenue increases at \$100 per year, regardless of how much school aid the Governor and Legislature provide. A \$100 increase is only slightly over half of the \$190 limit that existed in 1993, when limits were first implemented. Based on inflation estimates from the Congressional Budget Office, school districts would be forced to reduce their spending per pupil by over ten percent in the next decade alone, or almost \$1,000 per pupil as measured in current dollar terms, if this provision is not vetoed.

As recent events in northeastern Wisconsin demonstrate, school districts already struggle under existing revenue limits to provide our children the quality education they

deserve, and to keep pace with increasing staff and materials costs. These challenges have occurred during the same period that has seen Wisconsin's average teacher salaries decline from 14th nationally in 1990 and nearly \$1,300 above the national average to 27th in 2003 and more than \$4,000 below the U.S. average. In addition, it is noteworthy that, while the Legislature reduced the per pupil revenue limit increase for public schools to \$120 in 2005-06 and to \$100 in 2006-07 and thereafter, it authorized increases of \$196 in 2005-06 and \$123 in 2006-07 for pupils attending the Milwaukee choice and charter schools. The Legislature's priorities are clear, and they do not include our public schools.

Restoring current law revenue limits will not result in excessive spending. Revenue increases for the average school district will still be less than three percent annually. However, denying school boards access to these modest increases will seriously impair their ability to ensure that every child in Wisconsin receives a high-quality education. These cuts will also jeopardize the state's ability to maintain a highly-skilled work force and will diminish Wisconsin's reputation as a desirable place to live and raise a family.

Current law revenue limits will not increase property taxes for the average homeowner because I am also using my partial veto authority to restore more than \$400 million in school aids and credits that the Legislature cut from my budget (see Public Instruction, Item #4 and Tax Section, Shared Revenue and Tax Relief, Item #10). Restoring these funds to an amount similar to what I originally proposed makes it possible for school districts to maintain reasonable expenditure levels without property tax increases and will return state support for schools to over 66 percent of costs.

#### **4. Increasing Funding for School Aids and Property Tax Relief**

*Sections 9155 (2), 9155 (3), 9155 (4) (title), 9155 (4) (a) and 9155 (4) (b)*

These nonstatutory provisions authorize the Department of Administration secretary to lapse and transfer certain monies to the general fund.

I am partially vetoing these provisions to authorize the Department of Administration secretary to transfer \$330 million from the general fund to the general equalization aids appropriation in the Department of Public Instruction. This veto, combined with my veto to provide additional funds to the school levy tax credit (see Tax Section, Shared Revenue and Tax Relief, Item #10), will largely restore the responsible property tax relief initiative that the Legislature unwisely deleted from my original 2005-07 biennial budget proposal. As noted in my veto message restoring current law revenue limits for school districts (see Public Instruction, Item #3), it is critical that Wisconsin's public schools have the resources needed to ensure that all our children will continue to be able to receive a quality education regardless of their circumstances.

I object strongly to what the Legislature has done to schools in this budget. The Legislature's budget would reduce future annual school revenue increases to about half the amount authorized for the 1993-94 school year, when limits were first implemented. Some school district administrators believe that, at these levels, their allowable increases may not even cover anticipated growth in fuel and maintenance costs, even if teacher compensation were frozen. At a time when Wisconsin's and the nation's economy is under siege from global competition, it is foolhardy to think that providing a



quality education is a luxury we can no longer afford. Our children must have more opportunities to learn, not fewer. A strong public education system is what made Wisconsin a great place to live, and it is what will make Wisconsin a great place to live and do business in the 21st century.

Unfortunately, the Legislature gave Wisconsin taxpayers the unacceptable choice of either cutting schools or emptying their pocketbooks. My original budget proposal provided the only reasonable option, which was to protect both taxpayers and schools. With this veto, I will restore that balance. It is no secret that Wisconsin property taxes are too high and that we must continue to find ways to reduce this burden. By cutting spending in other parts of the budget and reallocating the savings to real property tax relief, my veto provides \$330 million to help us reach that goal.

As a result, unlike the Legislature's reckless proposal, we will not achieve this goal by sacrificing high-quality public schools. These funds will be used to offset the property tax impact of restoring school district revenue limit authority to the level needed to maintain quality schools. To ensure that the entire \$330 million is used for property tax relief, I am requesting the Department of Administration secretary to transfer \$155 million in fiscal year 2005-06 and \$175 million in fiscal year 2006-07 to the Department of Public Instruction's general equalization aids appropriation, where it will be paid out directly to school districts. In combination with my veto that partially restores my proposed increase to the school levy credit, we can restore current law revenue limit authority to public schools, preserve educational quality and freeze property taxes for the average Wisconsin homeowner.

## **5. Milwaukee Parental Choice Program Eligibility**

*Sections 1895h, 1895p and 9337 (6m)*

These sections make changes to pupil eligibility criteria for participation in the Milwaukee Parental Choice Program. Section 1895h allows pupils to remain eligible to participate in the program until family income exceeds 220 percent of the federal poverty level. Under current law, pupils may no longer participate if family income exceeds 175 percent of the federal poverty level. Section 1895p repeals the requirement that pupils entering the choice program must have either been enrolled in a choice school, been enrolled in a Milwaukee public school, been enrolled in grades kindergarten through three in a Milwaukee private school or not been enrolled in school in the previous year.

I am vetoing these provisions because they need to be part of a comprehensive proposal that addresses the needs of both choice program and Milwaukee Public Schools students. As included in this bill, these provisions will do little more than increase the number of pupils who will be denied access to the choice program because the number of eligible applicants will likely exceed the statutory enrollment cap sometime in this coming academic year. In addition, recent reports about the quality of some choice schools, including the lack of classroom materials and teachers and administrators lacking suitable training or experience, raise serious questions that need to be addressed before the program is expanded. While the No Child Left Behind Act requires the annual testing of all public school students (in grades three through eight and one high school grade), the Milwaukee Parental Choice Program still does not

require testing in any grades despite the expenditure of more than \$87 million in state tax dollars. Most of the choice schools offer a good quality education, but expanding the program without proper safeguards will allow the establishment of more schools that do not deliver the education that Milwaukee's children deserve.

I believe the modifications included in these sections have considerable merit, but should be part of a more comprehensive package that raises the choice cap, improves educational and operational accountability in the choice program, and benefits all students in Milwaukee, not just those in the choice program. I look forward to working with legislators and interested parties to resolve this issue in the fall session.

#### **6. Milwaukee Charter School Pupil Eligibility**

*Sections 1883f, 1883r and 9337 (7m) (b)*

These sections modify the pupil eligibility criteria for participation in the Milwaukee charter school program. Under this provision, pupils residing outside the Milwaukee Public Schools district boundaries would be permitted to attend a Milwaukee charter school.

I am vetoing this provision because I object to the expansion of the Milwaukee Charter Schools original intent to serve as an educational option for families residing within Milwaukee Public Schools' boundaries. The Milwaukee Charter Schools Program should continue to focus on providing alternative educational opportunities for city of Milwaukee children. While the provision requires these charter schools to give preference in admissions to pupils who reside in Milwaukee, over time it is likely that nonresident pupils will diminish the ability of children in the city of Milwaukee to attend these schools.

#### **7. Milwaukee and Racine Charter School Program Funding**

*Sections 1897g, 1897i, 1898b [as it relates to a charter school operating under s. 118.40 (2r)], 1898e, 1898m, 1898s, 1899m, 1912m, 9137 (4p) and 9337 (9m)*

This provision modifies the current funding mechanism for the independent charter schools operating in the Milwaukee and Racine school districts. Under current law, these independent charter schools are funded as a first draw on the general equalization aids appropriation. Under the modified formula created by this provision, the pupils attending independent charter schools would be counted as pupils in the Milwaukee and Racine school districts, respectively, and be funded under the current equalization aid formula in the same manner as pupils attending regular public schools.

I am vetoing this provision because I object to the immediate distributional impact that this change will have on school districts and the potential longer term impact it will have on Milwaukee and Racine. Under the current equalization aid formula, the fiscal impact of independent charter schools is distributed across all school districts that receive equalization aids, including the most affluent districts, which only receive aid under the "first tier" of the formula. The modified formula would exempt these affluent districts from any charter school cost impact, while distributing the costs across the remaining

school districts. About 120 Wisconsin school districts would lose approximately \$5.4 million in aid, with school districts in Madison, Middleton, Waukesha and Wauwatosa among the most negatively affected.

Second, while analysis indicates that the change appears revenue neutral for the Milwaukee and Racine school districts in the short-term, it is unclear what the long-term impact on those districts revenues would be, especially if charter school enrollments continue to increase. Without clear data on the long-term impact of this formula change on Milwaukee and Racine, I do not believe modifying the formula justifies the risk.

Lastly, the Legislature's primary intent in making this change appears to have been to create the appearance that the cost of these independent charter schools will be paid entirely by the Milwaukee and Racine school districts. The fact that the aid that pays for these charter schools will no longer be explicitly itemized in the aid notifications sent to school districts does not mean that other districts are not affected, it only means that the effect will not be apparent. Allowing the Milwaukee and Racine school districts to count pupils attending independent charter schools will increase the equalization aid allocations to Milwaukee and Racine, thereby reducing the aid allocations to all but the most affluent districts. Paying for these charter schools by running the program through the formula may redistribute and hide the impact, but it will not eliminate it.

I support the independent charter school program. These schools are chartered by the city of Milwaukee and University of Wisconsin System campuses, which are both accountable to the public. These schools also participate in the state's student testing program. Vetoing this funding change is not a criticism of the program, but simply reflects my concern that the benefit of not reporting the impact of independent charter schools on the distribution of equalization aid does not outweigh the potential financial risk to the Milwaukee and Racine school districts.

## **8. Student Achievement Guarantee in Education (SAGE) Program**

### *Sections 1888m, 1888r, 1888s, 1891t and 1893m*

Sections 1888m, 1888r, 1888s and 1891t permit school districts that currently participate in the SAGE program to opt out of grades two, three or both. Section 1893m would expand the eligible uses of SAGE funding in the Milwaukee Public Schools district to include meeting the criteria for the prekindergarten through grade five (P-5) program. The P-5 program allows up to 25 students per teacher in grades prekindergarten through five, while the SAGE program requires a class size of no greater than 15 students in grades kindergarten through three.

I am vetoing sections 1888m, 1888r, 1888s and 1893m, and partially vetoing section 1891t, because they are contrary to the intent and spirit of the SAGE program.

Research has shown that smaller class sizes in the early years of a child's education increases academic performance; the benefits are even greater for students from low-income families. Further, research indicates that the class reductions must occur over several grades in order for those gains to be sustained in later years. For example, studies of the Tennessee Student Teacher Achievement Ratio (STAR) program, which reduces class sizes to 13-17 pupils in grades kindergarten through three, have shown that pupils in small classes for at least three years had significant sustained benefits

through grade eight, while those in small classes for fewer than three years showed mixed long-term effects. That finding was replicated in separate studies conducted by researchers at Eastern Michigan University and the U.S. Department of Education. The positive results of sustained, small class size include reduced achievement gaps, greater student engagement, more time spent on active teaching, less time spent on classroom management and behavior problems, and lower rates of grade retention.

The positive impact of the SAGE program in Wisconsin is reflected in the most recent third grade reading achievement scores. In 1998, there was a 21-point difference between SAGE and non-SAGE schools in the percentage of students scoring proficient and advanced in reading achievement. The gap closed to just 8 points by 2005. This is solid evidence that Wisconsin's SAGE program is working for our children.

Allowing the Legislature's provisions to be implemented would reduce access to smaller class sizes for children throughout the state and diminish the benefit of the SAGE program. We should be working to expand, rather than eliminate, smaller class sizes for our children. My budget proposal included a \$44 million increase in SAGE funding, which was reduced to just \$6 million by the Legislature, and an increase in the per pupil reimbursement rate, from the current \$2,000 to \$2,500 per child by 2006-07. What is needed to support SAGE schools and encourage new ones is greater funding and the first reimbursement rate increase since the program was started in 1996, not flexibility that will destroy the positive impact of smaller class sizes. As Governor, I will continue to make funding increases for the SAGE program a priority.

## **9. Mentoring Grants for Initial Educators**

*Sections 140 [as it relates to s. 20.255 (2) (kg)], 173m, 187m, 1854g, 1854m and 9337 (6f)*

These provisions require the Department of Public Instruction to increase fees for teacher and administrator licenses from \$100 to \$150 as of July 1, 2006, and direct the department to use the revenue generated from the fee increase to distribute grants to school districts that provide mentors for new educators. The budget I submitted included GPR funding in each year to help pay for teacher mentors.

I fully support the mentoring grant program, but I object to raising teacher license fees for this purpose. This fee increase would be a tax on teachers who have already sacrificed salary increases under the provisions of the qualified economic offer. The 50 percent increase in teacher license fees would make Wisconsin's one of the highest in the country. Furthermore, the major benefits of a teacher mentoring program are to increase the quality of classroom instruction, support beginning teachers in their first years on the job, and reduce hiring and recruitment costs for school districts by improving teacher retention. These are costs that should be broadly distributed.

I am partially vetoing sections 140 [as it relates to s. 20.255 (2) (kg)], 173m and 187m and vetoing sections 1854g, 1854m and 9337 (6f) to eliminate the teacher license fee increase and the requirement that the department use licensing fee revenue for the mentoring grant program. My partial veto of section 140 [as it relates to s. 20.255 (2) (kg)] will also delete the reference to program revenue-service as the fund source of the appropriation created for the grant program. Under s. 20.005 (3), all

appropriations are made from the general fund unless otherwise indicated. Therefore, this partial veto will preserve the mentoring grant program and restore GPR as the fund source, beginning in fiscal year 2006-07. Under s. 20.003 (2), the Revisor of Statutes has the authority to renumber the appropriation for mentoring grants to make it consistent with the numbering system under s. 20.003 (3).

#### **10. Federal Administrative Funding**

##### *Sections 1856f and 9437 (3v)*

These sections require the Department of Public Instruction to obtain approval from the Joint Committee on Finance, through a 14-day passive review process, for plans to use federal funding to support the department's general program operations.

I am vetoing these sections because it is important that state agencies have the flexibility to manage their budgets. Requiring agencies to seek approval from the Joint Committee on Finance for administrative costs that are supported with federal funds places an unnecessary burden on the agency and removes the operational flexibility required to provide services in an efficient manner. Furthermore, the department would be the only state agency subject to this requirement, and I object to it being singled out in this way.

#### **11. Special Education Studies**

##### *Section 9137 (2q)*

This section requires the Department of Public Instruction to complete a study of the distribution of special education aid on a census basis rather than a cost reimbursement basis and to report to the Joint Committee on Finance by December 1, 2006. This section also requests the Joint Legislative Council to study the effectiveness of the state's special education policy and funding, and to report its findings, conclusions and recommendations to the Legislature by January 1, 2007.

I am vetoing this section because it is unnecessary. The department may conduct studies without a specific statutory directive, and the Legislature does not require specific statutory language to request a Joint Legislative Council study.

#### **UNIVERSITY OF WISCONSIN SYSTEM**

#### **12. Surcharge Beyond 125 Percent of Graduation Requirements**

##### *Section 697m*

This section requires the University of Wisconsin System Board of Regents to charge students the full cost-per-credit for any credits exceeding 125 percent of the graduation credit requirements towards a first baccalaureate degree.

I am vetoing this section because it is unnecessary given current board policy. Beginning with the 2004-05 academic year, the Board of Regents requires that students

accumulating more than 165 credits or 30 credits above what the major requires, whichever is greater, pay a tuition surcharge equal to 100 percent of the cost of instruction. Furthermore, I am concerned that the requirement, if enacted, would adversely affect students who change majors, arrive with advanced placement credits or pursue double majors, issues that were considered by the Board of Regents prior to setting its current policy.

### **13. Course Retake Surcharge**

#### *Section 697s*

This section requires the University of Wisconsin System Board of Regents to charge students a 100 percent surcharge for each course retaken as a result of a failing grade on the first attempt.

I am vetoing this section because the issues that surround failing a course are often complex. Students do not always fail courses because they are not doing the work. Family and medical issues, the stress of adjusting to campus life, and the need to work to pay tuition while attending the university can result in academic problems for which students should not be penalized. In addition, many campuses already have course retake policies in place that discourage repeating courses while ensuring that students maintain adequate academic progress. Furthermore, enactment of this provision may do little more than encourage students to drop difficult courses early in the semester, simply to avoid the surcharge.

### **14. Task Force on University of Wisconsin-Waukesha**

#### *Sections 140 [as it relates to s. 20.285 (1) (a)] and 9152 (6r)*

These sections create a task force and provide \$30,000 GPR in fiscal year 2005-06 to study and develop an implementation plan for merging the University of Wisconsin-Waukesha with the University of Wisconsin-Milwaukee. Section 9152 (6r) further requires that the two campuses be merged no later than July 1, 2007.

The University of Wisconsin Board of Regents, under its existing authority, has the ability to review its policies and take actions to improve the quality of education and expand opportunities for students to complete baccalaureate degrees. To this end, a number of agreements between the University of Wisconsin-Milwaukee and the University of Wisconsin-Waukesha already exist to permit students at the University of Wisconsin-Waukesha to complete baccalaureate degree programs at Waukesha and receive a degree from the University of Wisconsin-Milwaukee.

The Board of Regents, in its on-going efforts to increase the number of baccalaureate degree recipients in Wisconsin, should give consideration to merging the two campuses. In such a review, the Board of Regents should examine the issue of maintaining access and affordability to the University of Wisconsin-Waukesha. The Board of Regents should consult with not only representatives of both the campuses, but also community, political and business leaders in the metropolitan Milwaukee area.

The Board of Regents should take any necessary actions, including recommending to the Legislature the merger of the aforementioned two campuses, to increase the number of baccalaureate degree recipients in Wisconsin.

Although there is no language in the budget bill that authorizes the increase to fund the task force, the purpose of this funding was included in a Joint Committee on Finance amendment to the bill. By lining out the system's s. 20.285 (1) (a) appropriation and writing in a smaller amount that deletes \$30,000 in fiscal year 2005-06, I am vetoing the part of the bill that funds the task force. I am also requesting the Department of Administration secretary not to allot these funds.

**15. Collaboration Study**

*Section 9152 (7f)*

This section requires the University of Wisconsin Board of Regents to study possible collaborative efforts between the University of Wisconsin-Superior and the University of Minnesota-Duluth.

I am vetoing this section because the study is unnecessary. Collaboration between the two institutions already exists and is ongoing. While I am in support of collaborative efforts and would encourage the Board of Regents to continue developing and implementing collaboration with Minnesota and other campuses where appropriate, there is no need for a study.

**16. Repeal of Certain University of Wisconsin System Reporting Requirements**

*Sections 78m, 484m, 486m, 695p, 697m, 697r, 704t, 704w, 704x and 738p*

These provisions repeal certain University of Wisconsin System reporting requirements, including reports on: (a) student fee funded reserves; (b) state-imposed costs not covered by general purpose revenue; (c) 100 percent fee funded course offerings; (d) the University of Wisconsin System's sick leave accounting system; (e) the industrial and economic development research program; (f) in-kind contributions and nonfederal gifts and grants; (g) interest paid by the system in the previous fiscal year due to any delayed payments to vendors; and (h) program revenue appropriations with a cash overdraft.

I am vetoing these provisions because I object to the elimination of these reports without further study, especially at a time when some University of Wisconsin policies and practices have come under question. It is important to keep all state agencies, including the University of Wisconsin System, accountable for the expenditure of state tax dollars. For example, one of the reports slated for elimination is a report on the University of Wisconsin System's sick leave policy, which has come under scrutiny recently.

Additionally, campuses are funding more student sponsored projects with student funded fees. One of the reports slated for elimination requires the system to report on the reserves being maintained for these student fee funded projects. To ensure that student interests are protected, it is important that the Governor and the Legislature be

aware of these reserves to make sure they are maintained at appropriate levels. Eliminating this report and the other reports included under this provision could erode the state's ability to monitor the University of Wisconsin System and hold it accountable. While some of these reports may provide little useful information and may warrant repeal, eliminating them should follow a review of their merits.

### **17. Midwest Higher Education Compact**

#### *Section 140 [as it relates to s. 20.285 (1) (a)]*

This section provides \$40,000 annually to the University of Wisconsin System to partially cover Wisconsin's dues for membership in the Midwest Higher Education Compact. I am vetoing this provision because it is reasonable to expect the University of Wisconsin System to cover dues for an organization designed to benefit higher education. I am further requesting the Board of Regents to direct that these dues be paid from the system administration appropriation and not be charged to individual campuses.

Although there is no language in the budget bill that authorizes this increase, the purpose of this funding was included in a Joint Committee on Finance amendment to the bill. By lining out the system's s. 20.285 (1) (a) appropriation and writing in a smaller amount that deletes \$40,000 annually, I am vetoing the part of the bill that partially funds dues to the compact. I am also requesting the Department of Administration secretary not to allot these funds.

### **18. Higher Education Committee**

#### *Section 9152 (9m)*

This section creates a committee to study the public benefits of the state's public system of higher education, expand baccalaureate degrees for state residents, foster economic development, provide a research environment to develop intellectual properties, and assist in the development of new businesses. The committee consists of representatives from the University of Wisconsin and Wisconsin Technical College systems and four legislators.

I am vetoing this section because I object to creating yet another group to study the future of the University of Wisconsin System. The latest study, *Charting a New Course*, was released in June 2004 by the Board of Regents, and it may convene another study committee at its discretion, but there is no need for statutory authorization. Furthermore, the proposed committee does not contain any representation from the public or business community.



**19. Study of Joint Academic Programs**

*Section 9152 (8q)*

This section requires the Board of Regents of the University of Wisconsin System and the Board of Trustees of the Medical College of Wisconsin to submit a report to the Joint Committee on Finance on the feasibility of creating joint academic programs.

I am vetoing this section because it is unnecessary. Collaboration between the University of Wisconsin System and the Medical College of Wisconsin is already well established. It was recently strengthened by the creation of the Wisconsin Institute for Biomedical and Health Technologies at the University of Wisconsin-Milwaukee. The institute will support interdisciplinary research in biomedical engineering, health care informatics, and clinical research on patient outcomes and treatment efficacy. The institute is one vehicle for the collaborative programming to support related economic development and research in southeastern Wisconsin. While I encourage these efforts to continue and expand, there is no need for a report.

**20. University of Wisconsin System Building Project Cost Study**

*Section 9152 (8m)*

This section directs the Legislative Audit Bureau to study and complete a cost comparison of University of Wisconsin System building projects with similar projects at other public universities.

I am vetoing this section because the Legislature does not need statutory authority to direct one of its own service agencies to conduct a study.

**WISCONSIN TECHNICAL COLLEGE SYSTEM**

**21. Levy Limits on Technical College Districts**

*Section 707m*

This section limits, for three years, the increase in property taxes that a technical college district may levy. Under this provision, technical college districts are limited to an annual increase in property tax levies of 2.6 percent. This section also provides adjustments to the limits for debt service and allows for the limits to be exceeded by referenda.

I am vetoing this section in its entirety because it restricts economic development and hinders educational attainment and job training. The Legislature fails to recognize the importance of the Wisconsin Technical College System to help Wisconsin's economy grow. If technical colleges do not have the ability to respond to the rapidly changing needs of businesses in Wisconsin, economic growth will suffer.

These levy limits also hinder educational attainment and job training. The limits on technical college levies will require students to pay more for classes or reduce the course availability at the technical colleges. In either case, this diminishes our ability to

provide individuals with the skills necessary to improve their earnings, compete for better paying jobs and help Wisconsin's economy grow.

Finally, Wisconsin's technical colleges have had levy restraints in place longer than any other unit of local government. In total, technical college levies comprise less than nine percent of the average property tax bill. Property taxes can be frozen without placing limits on technical colleges because I increase funding for K-12 education and fully fund shared revenue to local governments. To risk Wisconsin's economic future by restraining resources available to the technical colleges even further is not a risk worth taking.

## **22. Jobs Advantage Training Program**

*Sections 140 [as it relates to s. 20.292 (1) (eh)], 217m, 724m and 2357m*

These sections transfer the Business Employees' Skills Training Program from the Department of Commerce to the Wisconsin Technical College System, change the name of the program to the Jobs Advantage Training Program, establish what businesses are eligible for a grant and provide \$1,000,000 annually to support the program.

As proposed by the Legislature, the Wisconsin Technical College System Board would make grants to eligible businesses to pay for skills training or other education related to the needs of small business. To be eligible for a grant under this provision, a business must: (a) have fewer than 50 full-time employees; (b) have less than \$5,000,000 in annual income; (c) agree in writing to the provisions in section 724m; (d) submit a plan detailing the proposed uses of the funds; and (e) provide matching funds at least equal to the amount of the grant.

I am partially vetoing sections 140 [as it relates to s. 20.292 (1) (eh)] and 217m to rename the program "Training Program Grants." I am also partially vetoing section 724m to more closely align these grants with the mission of the Wisconsin Technical College System Board. Under current law, the board does not make grants to individual businesses and does not have the expertise or staff to evaluate grant proposals on their business merits. The mission of the board is to ensure that the Wisconsin Technical College System is serving the needs of all Wisconsin businesses, primarily through its education and training programs.

The Department of Commerce was established, in large part, to provide more coordinated development assistance to Wisconsin businesses. I am vetoing section 2357m to retain the department's authority to award grants to small businesses to assist them in upgrading the skills of their workforce. The focus of Wisconsin's technical colleges needs to remain on their educational mission. My veto authorizes the Wisconsin Technical College System Board to award grants to technical college districts to be used for skills training or other education related to the needs of Wisconsin businesses.

## **WORKFORCE DEVELOPMENT**

### **23. W-2 Contracts and Oversight**

*Sections 1059g, 1059t, 1059u, 1059v, 1059w, 1060m, 1060p, 1085f, 9154 (1f) and 9354 (4f)*

Section 9154 (1f) requires the Department of Workforce Development to report to the Joint Committee on Finance on W-2 agency success regarding job placement, former participants' earned wages, job retention, W-2 staff training outcomes, and the appropriateness and effectiveness of work, education, and training activities.

I am vetoing this section because it is unnecessary. As part of W-2 agency performance standards, the department currently compiles information for job placement, earned wages and job retention, and is authorized to collect other pertinent information. All reported information is available for review by both the Legislature and the Governor.

Sections 1059g, 1059t, 1059u, 1059v and 1059w require the department to review W-2 agencies' contracts and financial records to ensure compliance with state and federal laws; be responsible for conducting quarterly reviews of W-2 agencies in the ten most populous counties and annual reviews for all other W-2 agencies; review the financial records for all subcontracting entities with W-2 agencies; and be responsible for W-2 agency auditor selection and for enforcing financial penalties with W-2 agencies that fail to serve W-2 participants.

I am vetoing these sections because they are unnecessary. I recognize the critical importance of maintaining oversight and enforcing accountability standards for W-2 agencies. Current W-2 contract language already specifies periodic reviews and monitoring of W-2 agency financial records to ensure compliance with existing laws and regulations. In addition, contract regulations give the department authority to select an agency auditor if needed and enforce financial penalties.

Sections 1085f and 9354 (4f) specify that W-2 agencies are responsible for reimbursing the state for the cost of W-2 benefit overpayments made as a result of agency error or oversight.

I am vetoing these sections because they are unnecessary. The department already requires W-2 agencies to reimburse the state for instances of agency error.

Sections 1060m, 1060p and 9354 (4f) require individuals who are assigned to W-2 Transitions or W-2 Community Service Jobs to engage in a minimum of 20 hours of work activities each week. The department would be responsible for monitoring W-2 agencies to ensure compliance with these specifications.

I am vetoing these sections because it is unnecessary to define minimum work hours for W-2 Transitions or W-2 Community Service Job placements. Existing federal regulations for the Temporary Assistance for Needy Families program require a minimum of 20 work hours per week for these placements.

## **24. Child Care Quality Improvement Programs**

### *Sections 1075, 1095c and 1106*

Sections 1075 and 1095c decrease total funding for various child care quality improvement programs from the \$8,603,500 annual amount proposed in my budget to \$3,378,500. These programs include the Teacher Education and Compensation Helps (TEACH) program, which provides scholarships to child care providers to assist them with the cost of pursuing additional postsecondary education in child care, and the Rewarding Education with Wages and Respect for Dedication (REWARD) program, which provides a stipend to child care providers who achieve a specified educational level or who have remained in the field for several years. These two programs link education, commitment and compensation to increase the number of highly-qualified child care staff and to reduce staff turnover. Funding is also used for child care resource and referral centers, training and technical assistance grants for providers, and pass-through grants to local entities to improve the quality and availability of child care.

I am partially vetoing these sections because I strongly object to further underfunding these programs. These programs provide services to both child care providers and parents that ultimately result in increased access to adequate care and improved quality of care for children across the state. Quality care in the early years is critical to a child's development, and research has consistently linked high-quality early childhood experiences to positive emotional, social and academic outcomes later in life. My partial veto will restore \$4,000,000 annually for these programs, which are essential to ensuring that Wisconsin's families have access to the child care they need.

I am partially vetoing section 1106 to reduce the amount of Temporary Assistance for Needy Families (TANF) funding for the state earned income tax credit (EITC). I fully support this tax credit, which provides a refundable tax credit to low-income working families. Since earned income tax credits are funded from a combination of TANF funds and a sum sufficient GPR appropriation, my veto to redirect TANF funds from the earned income tax credit to child care quality improvement and to the Children First program (see Item #26) will not affect the total amount of funding for these credits, thereby preserving this important program for hard-working Wisconsin families.

## **25. Child Care Subsidy Program Family Copayments**

### *Section 9154 (1k)*

This section increases the family copayment for the Wisconsin Shares Child Care Subsidy program by 15 percent.

I am vetoing this section to eliminate the family copayment increase of 15 percent, because I object to increasing the financial burden on low-income families throughout Wisconsin. The Department of Workforce Development has determined that by implementing additional efficiencies through a more equitable rate allocation, sufficient savings will accrue to offset revenues that would have been collected by a 15 percent increase in family copayments.

If signed into law, the impact of the Legislature's increase on low-income families would have been substantial. A family of three with an income at 185 percent of the federal poverty level earns \$29,800 annually. Under the Legislature's 15 percent copayment provision, a family of three with two children in subsidized care would pay over \$500 more a year for annual child care costs. The state's economic support and child care budget should not be balanced on the backs of low-income working families who struggle daily to make ends meet. This veto will help ensure that low-income parents can continue to afford quality child care, without sacrificing their ability to provide for their families and maintain Wisconsin's strong work ethic tradition.

**26. Children First**

**Section 1092**

This section decreases the amount of total funding for the Children First program from \$1,140,000 that was provided in fiscal year 2004-05 to \$834,000 each fiscal year, beginning in fiscal year 2005-06.

I am vetoing this section to restore funding back to current levels because the Legislature's funding cuts to the Children First program would decrease opportunities for parents who do not directly care for their children, but who are responsible for paying child support, to find and maintain jobs. Children First is a court-ordered program that assists noncustodial parents who have fallen behind in making their child support payments for a variety of reasons including unemployment, underemployment or noncompliance. This program helps these parents obtain gainful employment through a variety of training programs, enabling them to maintain consistent employment and fulfill their child support obligations. Helping noncustodial parents to become more financially responsible and involved in their children's lives is a critical component for ensuring the financial stability and emotional well-being of Wisconsin's children and families.

## **B. ENVIRONMENTAL AND COMMERCIAL RESOURCES**

### **AGRICULTURE, TRADE AND CONSUMER PROTECTION**

#### **1. Fish Hatcheries**

*Sections 140 [as it relates to s. 20.115 (2) (k)], 143i, 245n, 557t, 557v, 587e, 587g, 657f, 657h, 657L, 1756d, 1756e, 1756g, 1756h and 1756L*

These provisions create a new annual appropriation for the Department of Agriculture, Trade and Consumer Protection to receive funds from the Department of Natural Resources for activities related to fish hatcheries. The provisions also repeal the authority of the Department of Natural Resources to remove fish from a self-contained fish rearing facility or preexisting fish rearing facility that is an artificial body of water, unless requested by the Department of Agriculture, Trade and Consumer Protection. In addition, the provisions require the Department of Natural Resources to obtain a fish health certificate for its fish hatcheries from the Department of Agriculture, Trade and Consumer Protection, but exempts the Department of Natural Resources from the related fees.

I am vetoing these provisions because they are unnecessary and remove vital enforcement authority to keep aquatic invasive species out of Wisconsin's waters. This provision opens the door to importation or retention of nonnative fish such as the Asian Carp that pose a threat to wild native fish populations. Aquaculture is a growing business that is important to Wisconsin, but in order to protect our native species, we need to ensure that the growth occurs responsibly. Under my Administration, the departments will continue to work together to ensure that all fish raised in the state meet health standards and will not be detrimental to the native populations that play an important role in maintaining biodiversity and providing economic opportunities statewide.

#### **2. Bioindustry Grant Program**

*Section 1751v [as it relates to the total grant awards per fiscal year]*

This provision limits the total amount of funds the Department of Agriculture, Trade and Consumer Protection may award in a fiscal year for grants under the Agricultural Diversification and Development, and Sustainable Agriculture programs.

I am vetoing this provision because I object to the restriction of funding for these important programs. The department is best equipped to determine the appropriate split of funding for projects under these programs and the new Bioindustry Grant Program. I am disappointed that the level of funding for the new program was cut in half, but do not believe that the reduction should limit spending on the existing programs if significant opportunities arise.

## COMMERCE

### 3. Petroleum Environmental Cleanup Fund Award (PECFA) Program Changes

#### *Sections 1829p and 9108 (1v)*

Section 1829p reduces the current level of revenue obligation authority to support the payment of claims under the PECFA program from \$436,000,000 to \$386,924,000. Section 9108 (1v) requires the Department of Commerce to include in its 2007-09 biennial budget submission a proposal to phase out the PECFA program.

I am vetoing these sections because it is premature to remove support for claim payments and require phase out of the program. The department is actively monitoring activity in the program and is best equipped to determine when the program has met its goals. In addition, it is unclear how many outstanding claims have not been submitted and of what magnitude those claims are. Sufficient funding must be available for these claims to avoid a significant delay in payments.

### 4. Increase in Enterprise Development Zones

#### *Section 2419*

This section authorizes the Department of Commerce to create additional enterprise development zones up to a total of 85 zones.

I am partially vetoing this section because I object to the unreasonable restriction on the number of businesses that could benefit from this program. This partial veto gives the department the authority to create a total of 98 enterprise development zones as opposed to the 85 zones authorized by the Legislature. This reasonable increase in the number of zones will allow the department to continue to provide incentives for businesses to create and retain jobs in Wisconsin.

### 5. Small Business Requirement for Enterprise Development Zones Program

#### *Section 2419m*

This section requires that at least 50 percent of businesses in new enterprise development zones be businesses with 100 or fewer employees.

I am vetoing this section because I object to the significant limitation it places on the Department of Commerce's flexibility to determine the best use of the tax credits to maximize the positive impact on the surrounding communities. In addition, tax credit assistance for small businesses is provided by the department through the Community Development Zone program, which is currently active in 22 areas throughout the state. I support small businesses, but the department must have the flexibility to assist businesses and communities of varying sizes with this program.

**6. Small Business Requirement for the Wisconsin Development Fund**

*Sections 2376j, 2376L, 2376m, 2407L [as it relates to small businesses] and 9308 (1z) [as it relates to ss. 560.275 (8) and (8) and 560.60 (15)]*

These provisions require that at least 50 percent of grants and loans made under the Wisconsin Development Fund be made to businesses that have fewer than 100 employees and annual gross receipts of \$10,000,000 or less.

I am vetoing sections 2376j, 2376L and 2376m and partially vetoing sections 2407L and 9308 (1z) to remove the requirement because it is unnecessary. The Department of Commerce already makes over 50 percent of grants and loans from the Wisconsin Development Fund to small businesses. In order to continue to grow Wisconsin's economy, the department must retain its flexibility to fund deserving businesses that will have a significant impact on local economies throughout the state. The department must also continue to be able to respond to local crises in a timely manner and make our state an attractive place for major economic development projects. Section 9308 (1z) erroneously contains two references to s. 560.275 (8). In order to correct this typographical error, I am striking "(8) and (8)." This may unintentionally affect applicants to the Technology Commercialization Grant and Loan program, and I am requesting that the department work with applicants to minimize any effects of this veto.

**7. Biomedical Technology Alliance Earmark**

*Section 9108 (3k)*

This section requires the Department of Commerce to make a grant of \$2,500,000 from the Technology Commercialization Grant and Loan program portion of the Wisconsin Development Fund to the University of Wisconsin System Board of Regents for the University of Wisconsin-Milwaukee to establish a Biomedical Technology Alliance in Southeastern Wisconsin.

I am partially vetoing this section to reduce the grant for this purpose by \$2,000,000 in order to allow the department the flexibility to continue to award grants and loans under this program. These funds are available to start-up businesses across the state that are in-between rounds of venture capital financing or are awaiting receipt of federal grant awards.

Adopted with bipartisan support, 2003 Wisconsin Act 255 provided \$2.5 million for technology commercialization grants and loans to start-up businesses. In addition, a portion of these funds support the four entrepreneurial and technology transfer centers that opened last fall. The proposed earmark would have consumed all of these funds.

I am requesting that the department continue to consider this project for additional assistance in the future, and am willing to work with the Legislature to identify appropriate sources of funding for this initiative.



## **8. City of Green Bay Earmark**

### *Section 9108 (3m)*

This section requires the Department of Commerce to award an annual grant of \$1,400,000 from the Wisconsin Development Fund to the city of Green Bay for a downtown redevelopment project during the period of fiscal year 2005-06 to fiscal year 2007-08.

I am partially vetoing this section to reduce the amount of the grant because it is excessive. The Wisconsin Development Fund has limited resources with which it attempts to provide assistance throughout the state. This partial veto will provide \$1,400,000 to the city of Green Bay while allowing the department the flexibility to determine the best timing for the grant to ensure that other worthwhile projects are not adversely impacted. In addition, there are several other sources of assistance for which this project may qualify.

## **9. Minority Business Finance Program Earmark**

### *Sections 154m, 155r and 9108 (8k)*

These sections require the Department of Commerce to award a grant of \$375,000 in each fiscal year of the biennium to the Bishop's Creek redevelopment project in Milwaukee from the Minority Business Finance Program.

I am vetoing these sections because I object to the limits this earmark placed on the department in its efforts to promote minority business development in Wisconsin. I support minority businesses in the state and feel that all minority businesses should have the chance to compete for funding from this program. This grant would take up two-thirds of the funds available in the biennium under the Minority Business Finance Program, greatly reducing the amount of funding available to other applicants.

In the last biennium, this program made 45 awards to minority businesses. The majority of the dollars awarded were loans that are paid back to the fund over time. The repayments of the loans are then available to make future, new awards to minority businesses. No single award is larger than \$100,000 by statute. A grant of this size from the fund would significantly reduce the amount of future funding available to make awards, unless the Legislature appropriated new funds to the program.

My Administration is supportive of this project and recently awarded a brownfields grant of \$750,000 to remediate land at the proposed site for the redevelopment.

## **10. Community Development Block Grant Earmarks**

### *Sections 9108 (5k) and 9108 (6k)*

These sections earmark funding from the Community Development Block Grant program for the village of Wonewoc for a water reservoir and town of Ithaca for a water well.

I am vetoing these sections because they compromise the award selection process and limit the Department of Commerce in its efforts to promote economic development in Wisconsin. The award selection process was designed to meet the strict federal requirements for the Community Development Block Grant program, and earmarks of this kind raise legal questions regarding use of these federal funds.

## **ENVIRONMENTAL IMPROVEMENT PROGRAM**

### **11. Clean Water Fund Bonding**

#### *Section 461*

This section reduces the current level of general obligation bonding authority for the Clean Water Fund Program from \$637,743,200 to \$622,043,200.

I am vetoing this section because I object to the reduction of funding for important projects that assist local communities with improving the quality of Wisconsin's waters.

### **12. Present Value Subsidy Limit**

#### *Section 2159*

This section reduces the Safe Drinking Water Loan Program present value subsidy limit for the 2005-07 biennium from \$12,800,000 to \$10,800,000.

I am partially vetoing this section to restore the present value subsidy limit to \$12,800,000 for the 2005-07 biennium because I object to the restriction on the ability of the program to help communities across Wisconsin ensure safe drinking water for their citizens.

## **LAND USE**

### **13. Comprehensive Planning and Land Information Aids**

*Sections 1c, 90t, 90u, 92 [as it relates to s. 16.967 (5) and the grants appropriation under s. 20.505 (1) (ij)], 140 [as it relates to s. 20.505 (1) (ie), (ig) and (ij)], 278 [as it relates to the transfer to s. 20.505 (1) (z)], 388h, 388n, 389, 389m, 390, 391, 400m, 695g, 1235z, 1238m, 1238n, 1242q, 1250e, 1250f, 1250g, 1250m, 1254m, 2118r and 9201 (1q)*

These provisions repeal the current law comprehensive planning requirements and grant program. In addition, these provisions require that \$2,000,000 annually of fee revenue from the state's portion of the deed recording fee be deposited in the general fund, with the remainder being credited to the appropriations under s. 20.505 (1) (ie) and (ij).

Lastly, the provisions require a lapse to the general fund of \$464,100 on June 30, 2006, and \$420,300 on June 30, 2007, from the appropriation under s. 20.505 (1) (ij).

I am vetoing sections 1c, 90t, 90u, 388h, 388n, 389m, 400m, 695g, 1235z, 1238m, 1238n, 1242q, 1250e, 1250f, 1250g, 1250m, 1254m, 2118r and 9201 (1q) and partially vetoing sections 92 [as it relates to s. 16.967 (5) and the grants appropriation under s. 20.505 (1) (ij)], 140 [as it relates to s. 20.505 (1) (ie), (ig) and (ij)], 278 [as it relates to the transfer to s. 20.505 (1) (z)], 389, 390 and 391 to restore the comprehensive planning requirement, grant program and funding because I object to the elimination of this vital program. The effect of the veto of section 389m and partial veto of sections 92, 140, 389, 390 and 391 is to deposit all deed recording fee revenue received by the state into a continuing appropriation, which allows the Department of Administration to allot available revenues to fund grants under the restored comprehensive planning grant program.

Communities and a wide range of interest groups throughout the state support a consistent approach to planning for growth, economic development, agriculture, preservation of cultural and natural resources, recreation, and transportation because they recognize the benefits provided by such an approach. The comprehensive planning law allows communities to determine how they want to grow while ensuring the protection of Wisconsin's precious natural resources. To date, 743 communities have used this program to ensure that investors, entrepreneurs and developers know where they can locate development, and local governments are able to prepare for the expansion of services. This knowledge and ability to prepare has a significant positive impact on the effective use of limited taxpayer resources. Unplanned growth leads to uncontrolled local service costs, which results in increased property tax bills for citizens and businesses.

#### **14. Land Information Modernization Grants**

##### *Section 92 [as it relates to limitations on grants to counties]*

This provision prohibits the Department of Administration from providing an equalization grant to a county that has retained deed recording fee revenue exceeding \$45,000 in any year and limits the amount of equalization grants to eligible counties to the difference between \$45,000 and the amount of revenue retained by the county.

I am partially vetoing this section to remove the limitation because I object to the restrictions the provision places on the department's ability to support county efforts to modernize land information and make it accessible to the public.

#### **NATURAL RESOURCES**

#### **15. Recycling Tipping Fee and Business Surcharge**

##### *Sections 1686m, 1686n, 2198x, 9235 (1), 9335 (3q), 9341 (18w) and 9435 (5q)*

These sections decrease the recycling tipping fee for waste disposed of in Wisconsin landfills beginning January 2007 from \$3 per ton to \$2.25 per ton. Also, beginning with tax year 2007, the recycling surcharge is reduced from three percent to two percent of gross liability for corporations and from 0.2 percent to 0.133 percent of net income for

tax-option corporations. Section 9235 (1) transfers from the recycling fund to the general fund a total of \$25,784,200 during the 2005-07 biennium.

I am vetoing sections 1686m, 1686n, 2198x, 9335 (3q), 9341 (18w) and 9435 (5q) to maintain current law because I object to the potential long-term negative impact this reduction could have on the funding of important recycling programs including financial assistance for responsible units and recycling efficiency incentive grants. Lowering the tipping fee would only encourage additional importation of waste from neighboring states as it will be less expensive to ship out-of-state waste to Wisconsin rather than to other Midwestern states.

By partially vetoing section 9235 (1), I am increasing the total transfer from the recycling fund to the general fund during the 2005-07 biennium to \$28,942,100 because it is necessary to use all of the resources of the state to ensure the general fund has sufficient revenues to support vital programs, including property tax relief, education, health care and economic development. The partial veto will result in no effective date being specified for the transfer. Under s. 16.52 (12), because no date is specified for when the transfer is to be made, the Department of Administration shall determine a date on which the transfer shall be made or provide for partial transfers to be made on different dates. It is my intent that \$17,942,100 be transferred in fiscal year 2005-06 and \$11,000,000 be transferred in fiscal year 2006-07. Based on projected revenues, sufficient resources will remain in the recycling fund to meet program needs. It is important to note that this is only a one-time transfer and additional revenues will be available in future biennia for enhancing Wisconsin's highly successful recycling program.

## **16. Business Waste Reduction and Recycling Assistance**

### *Section 2198*

This section prohibits the Department of Natural Resources from providing more than \$250,000 annually to an individual nonprofit organization under contract to assist businesses to reduce the amount of solid waste generated or to reuse or recycle solid waste. Further, funds may not exceed 50 percent of the cost of services provided. Lastly, the contract entered into under the provision must include goals and objectives of the services provided, methods to measure progress, and a schedule for reporting to the department.

I am partially vetoing this section because I object to its limitation on the department's ability to effectively pursue contracts and to the disincentive this provision will have on private businesses to reduce their waste and promote recycling. Contracting for these services will increase the recycling of construction materials and demolition debris, reduce the amount of food waste going to Wisconsin landfills, and promote safe disposal and reuse of obsolete computers.

**17. Air Permits**

*Section 2196i*

This section allows an owner or operator of a facility to pay the Department of Natural Resources a fee of \$7,500 for a year if the entire facility is required to have a state air emissions permit, is not covered by a general or registration air emissions permit, and has not previously paid the fee. The owner or operator would pay emission tonnage fees in all other years. The section also requires an owner or operator of a facility, for 2006 only, to pay a fee of \$300 if the entire facility is required to have a state air emissions permit, is not a synthetic minor source, and was not covered by a general or registration permit in 2005.

I am partially vetoing this section to eliminate the requirement of the \$300 fee in 2006. I object to this requirement because it is unnecessary and arbitrary. All facilities that do not have general or registration permits should be treated equally and have the choice of continuing to pay emission tonnage fees, rather than singling out certain operators with a mandated \$300 fee.

**18. Passive Review of Obligations Under the Stewardship 2000 Program**

*Sections 491g and 491k*

These sections establish Joint Committee on Finance review of land acquisition and property development activities under the Warren Knowles-Gaylord Nelson Stewardship 2000 Program and require that such activities in excess of \$300,000 be subject to the Committee's 14-day passive review process. If the Committee does not hold a meeting to review the proposal within 75 days, the Department of Natural Resources may proceed with the transaction.

I am vetoing these sections because I object to legislative intrusion in this area. The proposed review is unnecessary and would result in considerable delay and wasted taxpayer resources. In the past, the Committee used a similar passive review process to entangle time sensitive land acquisitions with partisan legislative politics, endanger critical land purchases, and jeopardize matching funds from private conservation organizations, local governments and federal grants. There are sufficient review mechanisms in the budget process and policy oversight of the Natural Resources Board to ensure that Stewardship 2000 Program dollars are used effectively and efficiently.

**19. Town Board Approval of Purchases Under the Stewardship 2000 Program**

*Section 491n*

This section prohibits the Department of Natural Resources from acquiring land under the Warren Knowles-Gaylord Nelson Stewardship 2000 Program in a township in which 35 percent or more of the land is under public ownership unless the town board approves the acquisition. A majority vote by the town board is required to approve each purchase, and the town is required to post notices of the possible acquisition.

I am vetoing this section because I object to infringement on the rights of individual property holders to sell their land to any willing buyer, including the department.

## **20. Calculation of Aids-in-Lieu of Property Taxes**

*Sections 1260m and 1260n*

These sections establish a new formula to calculate annual payments of aids-in-lieu of property taxes for properties acquired by the Department of Natural Resources after the effective date of the budget bill. For such properties, estimated value will be based on the purchase price or the equalized value of the property prior to purchase by the department, whichever is lower. For property that is tax exempt at the time of purchase, these sections require the last recorded equalized value to be used or a payment of \$1 per acre to be made, whichever is greater.

I am vetoing these sections because they will result in lower payments to local communities in lieu of property taxes. I object to the property tax increases on individuals and the negative fiscal impact on local governments arising from a reduction in the amount paid for future aids-in-lieu of property taxes. A key component of the Warren Knowles-Gaylord Nelson Stewardship 2000 Program is the payment of aids-in-lieu of property taxes, which is critical to ensure that communities are not adversely impacted by the removal of land from the local tax base. By maintaining current law, the department will continue to pay aids-in-lieu of property taxes on land it acquires based on the purchase price of the property, which is adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district.

## **21. Public Access and Managed Forest Law**

*Sections 140 [as it relates to s. 20.370 (5) (br)], 246t and 490m*

These sections provide \$1,213,000 SEG in fiscal year 2005-06 and \$1,113,000 SEG in fiscal year 2006-07 and subsequent fiscal years for payments to local units of government whose taxation district contains land enrolled as closed acreage under the Managed Forest Law program. The Department of Natural Resources is required to distribute the funding proportionally based on the number of closed acres located in each municipality. Each municipality is then required to pay its county treasurer 20 percent of the amount received.

I am vetoing sections 246t and 490m and partially vetoing section 140 [as it relates to s. 20.370 (5) (br)] because they do not directly ensure that Wisconsin's citizens have sufficient access to land for recreation, in particular, hunting. My budget recommendations included a mechanism to address this concern, but it was removed by the Joint Committee on Finance. By lining out the department's appropriation under s. 20.370 (5) (br) and writing in a smaller amount that deletes the increase of \$1,213,000 SEG in fiscal year 2005-06 and \$1,113,000 SEG in fiscal year 2006-07 provided for this purpose, I am vetoing the part of the bill which funds this provision. Furthermore, I am requesting the Department of Administration secretary not to allot these funds.

The effect of this veto is to eliminate the changes in the distribution of closed acreage fee revenue. Because I support assisting municipalities and counties to offset the local revenue impact of the Managed Forest Law program, I am directing that the department pursue separate legislation that reflects my original budget recommendation of a grant program administered by representatives of local governments.

## **22. Expenditures from Forestry Revenues**

*Sections 140 [as it relates to s. 20.370 (5) (ax) and (az)], 221m, 246g, 246m, 246p, 541b [as it relates to s. 26.385 (2)], 541h, 541j, 557m and 9435 (7k)*

This provision creates a continuing appropriation for revenues received from the sale of timber harvested from land under the management or control of the Department of Natural Resources' Division of Forestry that exceed \$3,770,000 SEG in each fiscal year. Based on fund availability and by order of priority, the department is required to provide an additional \$400,000 SEG annually in private forest grants to owners of 500 acres or less of nonindustrial private forest land; \$500,000 SEG in fiscal year 2006-07 and \$3,500,000 SEG in fiscal year 2007-08 to fund a biomass grant program within the department; \$250,000 SEG annually to support a forestry education grant program within the department; \$446,000 SEG annually to provide funding to school districts to transport students to and from school forests; \$100,000 SEG annually to the Wisconsin Technical College System for a master logger apprenticeship grant program; and \$100,000 SEG annually for forestry internships for University of Wisconsin System students who are enrolled in a course of study that would result in a bachelor's or higher degree in forestry.

I am partially vetoing this provision because I object to the limitation on the department's flexibility to determine how best to use limited resources. The effect of the veto is to eliminate the provision's prioritization and enumerated amounts related to the above programs. When the Joint Committee on Finance passed this amendment, the Committee members were aware that the funding for these items was uncertain, and their own estimate of revenues was insufficient to meet the proposed funding levels.

Furthermore, I disagree with the use of timber sale revenues for the initiatives in this section of the bill. However, the initiatives have merit and, therefore, I am allowing them to remain. This veto allows the department to continue to manage its forested lands using sustainable methods and best management practices. This is consistent with funding forestry programs through the use of all revenues to the account, not just one of them. Linking projects to timber sale revenues creates at least a perception that timber might be harvested specifically to fund projects rather than to accomplish objectives outlined in property master plans.

The partial veto eliminates the continuing appropriation under s. 20.370 (5) (az) and permits the department to provide funding from any revenue source within the forestry account of the conservation fund for these purposes from the annual appropriation under s. 20.370 (5) (ax). To provide funding for the above programs, I am requesting that the department pursue an increase in its expenditure authority via a request under s. 13.10 or as part of its 2007-09 biennial budget request as additional revenues become available.

This partial veto retains sufficient funding in the appropriation under s. 20.370 (5) (ax) to provide \$50,000 SEG in fiscal year 2005-06 and \$150,000 SEG in fiscal year 2006-07 for scholarships related to master logger certification; \$100,000 SEG one-time in fiscal year 2006-07 for the development and operation of the Paper Discovery Center in Appleton; and \$150,000 SEG in fiscal year 2005-06 and \$50,000 SEG one-time in fiscal year 2006-07 to initiate a program to train technical college students to use mechanized timber harvest equipment.

**23. State Park Admission Fees for Senior Citizens**

*Sections 546m and 9435 (7f) [as it relates to s. 27.01 (7) (gm) 3.]*

This provision increases the total fee for a resident senior citizen annual park sticker to \$12.50.

I am vetoing section 546m and partially vetoing section 9435 (7f) [as it relates to s. 27.01 (7) (gm) 3.] because I object to the financial burden this fee increase would place on Wisconsin's senior residents as they pursue outdoor recreational opportunities. I also object to the negative financial impact such a fee would have on the businesses that comprise the state's tourism industry and the damage it would do to Wisconsin's image as a premier destination for outdoor recreation.

**24. Ice Shanty Permit for Nonresidents**

*Sections 587d, 587dm, 594g, 646d, 646g and 9435 (7d)*

These sections create a \$20 seven-day nonresident and \$34 annual nonresident ice shanty placement permit. Revenues from the permit would be deposited to the fish and wildlife account of the conservation fund. Any ice fishing shanty without the required permit may be declared a public nuisance and removed or destroyed by the Department of Natural Resources after the owner has been given a ten-day notice.

I am vetoing these sections because they create a disincentive for visitors to travel to Wisconsin to pursue one of the state's traditional recreational opportunities. I object to the negative financial impact such a fee would have on the businesses that comprise the state's tourism industry and the damage it would do to Wisconsin's welcoming image as a premier destination for outdoor recreation.

**25. Chief Warden Authority**

*Section 491p*

This section directs the Department of Natural Resources to designate a conservation warden as the chief warden and specifies that the chief warden has the duty to direct, supervise and control conservation wardens in the performance of their duties. The department may also designate one or more deputy chief wardens.



I am vetoing this section because I object to the limitation on the department's flexibility to determine how to effectively administer its law enforcement program to ensure protection of Wisconsin's important natural resources. However, I am aware of the concerns that have been raised and am requesting that the department consider reviewing its law enforcement reporting structure and to ensure consistency in warden actions throughout the state.

## **26. Appropriation for Safety Education Courses**

*Sections 140 [as it relates to s. 20.370 (3) (at)] and 236*

This provision converts the Department of Natural Resources' appropriation for safety education courses from continuing to annual and expands the purposes of the appropriation to include programs or courses of instruction under s. 29.591 (3).

I am partially vetoing these sections to maintain this appropriation as continuing because I object to the limitation on the department's ability to effectively administer its hunter safety and recreational vehicle safety programs. By retaining the statutory reference to all monies remitted, I am converting this appropriation from annual to continuing. Annually, more than 50,000 people enroll in courses sponsored by the department that reduce hunting-related injuries and accidents, and promote the safe and responsible use of all-terrain vehicles, boats and snowmobiles.

## **27. Snowmobile Account Adjustments**

*Sections 9235 (3s) and 9235 (3t)*

These sections lapse \$500,000 from the snowmobile trail aids appropriation that is funded by the fuel tax transfer and \$300,000 from the supplemental snowmobile trail aids appropriation that is funded by revenues from the nonresident trail sticker.

I am vetoing these sections because I object to undermining the commitments previously made to the recipients of these aids. The Department of Natural Resources has the authority to manage expenditures from all appropriations funded by snowmobile revenues to ensure that the account maintains a positive balance.

## **28. Cladophora Algae Study**

*Sections 245m and 9135 (2e)*

These sections require the Department of Natural Resources to make a grant of \$25,000 during the 2005-07 fiscal biennium to Manitowoc County for a study of Cladophora algae in Lake Michigan at Hika Bay. The study may include monitoring of Fischer and Point creeks.

I am vetoing these sections because I object to the infringement on executive branch authority. While I support improving and protecting the waters of the state, the department is in the best position to determine statewide research and water quality

management priorities and needs. By vetoing this earmark, the department will be able to evaluate this project and the grant request on their merits.

## **29. Marsh Restoration**

### *Section 9135 (5c)*

This section requires the Department of Natural Resources to identify ten state-owned wildlife wetland areas that are critical to waterfowl breeding production, staging and hunting. In addition, by August 30, 2006, the department is required to prepare and submit a baseline assessment of the identified areas to the appropriate standing committees of the Legislature. Finally, the department is required to develop restoration goals based on the findings and include a proposal to contract with nongovernmental agencies to meet those goals in the department's 2007-09 biennial budget submission.

I am vetoing this section because it is unnecessary and I object to the infringement on executive branch authority. While I support improving and protecting lands and waters, the department has the expertise to determine the priorities for conservation of natural resources in the state. In addition, the department would need to devote a large amount of staff time to comply with these requirements, and no additional support was provided.

## **30. Water Resources Account Lapses**

### *Sections 9235 (4w), 9235 (4x), 9235 (4y) and 9235 (4z)*

These sections lapse funds from certain appropriations to the conservation fund for the exercise of the Department of Natural Resources' responsibilities related to water resources. The appropriations affected by these sections provide funding for lake management and invasive species control grants, recreational boating aids, boating access, and Mississippi and St. Croix rivers management.

I am vetoing these sections because the selection of the amounts and appropriations was arbitrary. The lapse of these funds will not result in a positive balance in the water resources account of the conservation fund, and the department will be required to adjust expenditures from all appropriations funded from this account to avoid a cash deficit in the account. By vetoing these lapses, the department will be able to consider all projects funded by the water resources account on their merits.

## **31. Water Regulation and Zoning Fees**

### *Sections 140 [as it relates to s. 20.370 (4) (bi)] and 241m*

These provisions convert the water regulation and zoning fees appropriation from continuing to annual.

I am vetoing these provisions because I object to the infringement on executive branch authority. The Department of Natural Resources must be able to access these revenues

to meet landowner demands to issue permits and exemption determinations in a timely manner.

### **32. Division Administrators**

#### *Section 2107d*

This section reduces the number of unclassified division administrators in the Department of Natural Resources from seven to six.

I am vetoing this section because I object to the limitation on the department's ability to effectively administer and organize its programs.

### **BOARD OF COMMISSIONERS OF PUBLIC LANDS**

### **33. Sale of Board of Commissioners of Public Lands Holdings**

*Sections 140 [as it relates to s. 20.370 (7) (ah)], 252, 252c, 429v, 491b, 491e, 491f, 491fg, 491fr, 491i, 491k [as it relates to s. 23.0917 (6m) (e)], 491m, 491n [as it relates to s. 24.59 (1)], 491s, 508c, 508f, 508i, 508L, 508p, 508q, 509s, 509sg, 509sm, 509sr, 509t, 509u, 509um, 509v, 511m and 9135 (5q)*

These provisions repeal the statutory authority of the Board of Commissioners of Public Lands to withhold its lands from sale when it determines that selling them would not be advantageous. Further, the Board of Commissioners of Public Lands is required to sell all of its lands to the Department of Natural Resources at appraised value. The department is required to use bonding authority under the Warren Knowles-Gaylord Nelson Stewardship 2000 Program to purchase the lands. The department may acquire the lands without approval from relevant county boards or the Governor. The Board of Commissioners of Public Lands is prohibited from exchanging land or taking action that would impede or prohibit the sale of its lands to the department. Proceeds from the subsequent sale by the department of any lands acquired under this provision shall supplant GPR debt service payments related to the Stewardship 2000 Program. Lastly, the department is required to submit a report and a plan by February 2006 to the Governor and Joint Committee on Finance.

I am vetoing this provision to maintain current law because I object to the use of limited Stewardship 2000 Program resources to purchase land that the state already owns and manages. The Stewardship 2000 Program was designed to conserve and protect from development Wisconsin's last pristine natural areas. However, under this provision all of the available dollars would be used by one state agency to buy land from another state agency without protecting one additional acre of critical habitat or land for outdoor recreation.

In addition, I object to the infringement on the Board of Commissioners of Public Lands' authority and constitutional duty to manage the assets of the normal school and common school funds. The Board of Commissioners of Public Lands is an independent and constitutionally established entity that bears the fiduciary responsibility to manage its trust funds including the constitutional authority to withhold land from sale.

## STATE FAIR PARK BOARD

### 34. Expenditure Plan

#### *Section 9144 (1f)*

This section requires the Department of Administration and State Fair Park Board to submit a plan to the Joint Committee on Finance, under a 14-day passive review procedure, for any expenditures that would exceed \$12,950,600 in fiscal year 2006-07. The plan must be submitted by the date set by the co-chairs for submission of requests for the Committee's second quarterly meeting of calendar year 2006.

I am vetoing this section because I object to the infringement on executive branch authority to manage programs and because it is unnecessary. The board must have flexibility to operate the State Fair and other nonfair events. While I am also concerned with the status of the board's finances, the board and its staff have taken several measures to address factors that are not under the board's control and to better manage the operations that the board does control.

## TRANSPORTATION

### 35. Transportation Infrastructure and Fund Transfer

*Sections 140 [as it relates to ss. 20.395 (3) (bq) and (cr), 20.855 (4) (v) and 20.865 (4) (u)], 456g, 456r, 533g, 533r, 537d, 537e, 1719g, 1719h, 1719i, 1727, 1727g, 9148 (4f), 9148 (4w), 9148 (5f), 9148 (5g) and 9448 (4m)*

These sections make the following changes to the Department of Transportation's highway and passenger rail programs, transportation earmarks, and fund transfers:

- Increase total funding available for the Major Highway Development program and Southeast Wisconsin Freeway Rehabilitation program;
- Place a variety of conditions and requirements on the use of bonding and distribution of funds to projects under the Southeast Wisconsin Freeway Rehabilitation program;
- Place funding for a portion of passenger rail operations in the Joint Committee on Finance's supplemental appropriation and specify procedures to access the funding;
- Require the department to award grants to the village of Oregon and Chippewa County; and
- Create an appropriation to transfer monies from the transportation fund to the Medical Assistance trust fund.

My budget provided for significant increases in highway and other transportation funding including a 13.6 percent increase for the Major Highway Development program, 8.6 percent increase for state highway rehabilitation, and 36 percent increase in elderly and disabled transportation aid. For the most part, the Legislature concurred with those

increases. The following changes will retain the robust increases provided for highways and other transportation programs, while allowing additional revenues to be transferred to the general fund for school aids and property tax relief.

Section 140 [as it relates to s. 20.395 (3) (bq)] provides SEG funding for the Major Highway Development program and sections 140 [as it relates to s. 20.395 (3) (cr)], 1719g, 1719h, 1719i, 1727, 1727g and 9148 (4f) provide SEG funding for the Southeast Wisconsin Freeway Rehabilitation program and place restrictions on the use of bonding for the Marquette Interchange. I object to the excessive use of SEG funding for the long-term capital projects carried out under these programs and the infringement on executive branch authority to manage programs.

By lining out the department's s. 20.395 (3) (bq) and (cr) appropriations and writing in smaller amounts, I am vetoing these appropriations to reflect my intent to reduce the SEG revenue support for these highway programs. Through this partial veto I am deleting \$28,400,700 SEG in fiscal year 2005-06 and \$23,403,000 SEG in fiscal year 2006-07 for the Major Highway Development program, and \$66,243,000 SEG in fiscal year 2006-07 for the Southeast Wisconsin Freeway Rehabilitation program. I am also requesting the Department of Administration secretary not to allot these funds.

By vetoing sections 1719g, 1719h, 1719i and 1727g and partially vetoing sections 1727 and 9148 (4f), I am removing the provisions requiring maximum use of cash funding for the Marquette Interchange and limiting the maturity of any bonds issued to one or two years. I object to the excessive use of cash to fund this project because the Marquette Interchange is a long-term capital asset that is projected to last at least 50 years. In addition, to ensure that it is completed on time and in the most efficient manner, the department needs maximum flexibility to manage the funding of this project. I propose to utilize the \$213,100,000 in bonding that is authorized in the bill to partially fund the project. Long-term capital assets should be financed over a longer period of time in order to allocate costs to future users of the project. Prudent financial management dictates that at least a portion of the project should be bond financed.

Both the Major Highway Development and Southeast Wisconsin Freeway Rehabilitation programs will have sufficient bonding authority during the biennium to complete their scheduled projects. Existing carryover bonding authority will be used to maintain the same level of funding for the Major Highway Development program that was proposed in my budget and concurred in by the Legislature. In addition, the bonding percentage for the Major Highway Development program would decrease from 57 percent in fiscal year 2004-05 to 49 percent in fiscal year 2006-07, and only 36 percent of the Marquette Interchange will be funded with bond proceeds.

Section 140 [as it relates to s. 20.395 (3) (cr)] also provides increased SEG funding of \$38,000,000 for preliminary engineering work on the Milwaukee Zoo Interchange/Highway 45 North reconstruction project. I object to the large amount of funding earmarked for this project in the next biennium. My budget included a significant increase to this appropriation to address not only rehabilitation projects in Southeast Wisconsin other than the Marquette Interchange, but also to fund preliminary engineering work on the next phase of Southeast Wisconsin freeway reconstruction, the I-94 South corridor. By lining out the department's s. 20.395 (3) (cr) appropriation and writing in a smaller amount that deletes \$35,000,000 SEG in fiscal year 2005-06, I am partially vetoing the part of the bill which funds this provision. Furthermore, I am

requesting the Department of Administration secretary not to allot these funds. Funding of \$3,000,000 would remain to begin the preliminary engineering for the Milwaukee Zoo Interchange project by the end of the biennium. With reconstruction of the I-94 South corridor set to begin in 2009, reconstruction work on the Milwaukee Zoo Interchange project will not likely begin until 2016 at the earliest. The remaining \$3,000,000 will more than cover the costs of the preliminary study work needed at this time.

Sections 140 [as it relates to s. 20.865 (4) (u)] and 9148 (4w) place funding for passenger rail service operation in the Joint Committee on Finance's supplemental appropriation and specifically outline the process that the department is required to follow in order to access the funding. By lining out the Committee's s. 20.865 (4) (u) appropriation and writing in \$0, I am deleting the \$572,700 SEG in fiscal year 2005-06 and \$629,900 SEG in fiscal year 2006-07 that fund this provision. Furthermore, I am requesting the Department of Administration secretary not to allot these funds. I am partially vetoing this provision because I object to the Committee placing base program funding in its appropriation for release. The department, at my direction, has identified the funding necessary to keep this vital service operating.

Sections 9148 (5f) and (5g) require the department to award grants to the village of Oregon for streetscaping and Chippewa County for the construction of a pedestrian crossing and handicap accessible ramp related to the Ray's Beach revitalization project on Lake Wissota. I am partially vetoing these sections to eliminate these earmarks because I object to the infringement on executive branch authority to manage programs.

Sections 140 [as it relates to s. 20.855 (4) (v)], 456g, 456r, 533g, 533r, 537d, 537e and 9448 (4m) create a mechanism to transfer \$268,058,100 SEG in fiscal year 2005-06 from the transportation fund to the Medical Assistance trust fund. I am vetoing these sections and partially vetoing sections 9148 (4f), 9148 (4w), 9148 (5f) and 9148 (5g) to delete the transfer to the Medical Assistance trust fund and, instead, accomplish a transfer of \$427,000,000 from the transportation fund to the general fund in the 2005-07 biennium because I object to the restricted nature of the transfer to the Medical Assistance trust fund. This veto ensures sufficient funding is available to meet the needs of those receiving Medical Assistance. It also transfers funding to meet the top priorities of adequate funding for schools and protecting property taxpayers. It is my intent that the transfer be comprised of \$338,449,000 in fiscal year 2005-06 and \$88,551,000 in fiscal year 2006-07. I am requesting the department to make the transfer in this manner.

The citizens of this state demand a quality educational experience for our children, sufficient Medical Assistance for those in need, and continued economic growth to provide jobs and further investment in this state. Transportation benefits all citizens, our businesses and the visitors to our state, and I have made sure that this budget provides generous funding increases to maintain our quality highway and local road system.

### **36. Local Roads Improvement Program**

Sections 140 [as it relates to s. 20.395 (2) (ft)], 1719L, 1719r, 1741b, 1741d, 1741e, 1741g, 1741h, 1741p, 1741q, 1741s, 1741u, 1741v, 1741x and 1741y

These sections make changes to the discretionary grant portion of the Local Roads Improvement Program. Additional funding of \$5,000,000 SEG is provided annually. The changes are as follows:

- Reduce the local match from 50 percent to 45 percent;
- Allow the Department of Transportation to allocate up to 20 percent of the county funds to projects that have a total cost between \$150,000 and \$250,000 in counties that have a total equalized value that falls in the lowest 20 percent of all counties;
- Specify that all improvements under the discretionary grant portion of the program shall be under contracts and that all contracts must be awarded on a competitive basis to the lowest responsible bidder;
- Define the term "improvement" for the discretionary grant portion of the program to mean a single highway construction project that may be let to contract in one or more components, with a projected life of at least ten years and that meets the minimum cost thresholds for the applicable recipient; and
- Delete a provision that requires the department to make a grant of \$2,500,000 to the city of Milwaukee for the reconstruction of West Canal Street (this grant does not apply after December 31, 2005).

I am partially vetoing section 140 [as it relates to s. 20.395 (2) (ft)] to remove the \$5,000,000 SEG annual increase in funding for the program because it is excessive. The budget that I submitted to the Legislature already increased funding for the Local Roads Improvement Program by two percent annually. By lining out the department's s. 20.395 (2) (ft) appropriation and writing in a smaller amount that deletes \$5,000,000 SEG in each fiscal year, I am vetoing the part of the bill which funds this provision. Furthermore, I am requesting the Department of Administration secretary not to allot these funds.

I am also vetoing sections 1719L, 1719r, 1741b, 1741d, 1741e, 1741g, 1741h, 1741u, 1741v, 1741x and 1741y and partially vetoing sections 1741p, 1741q and 1741s to eliminate the restructuring of the discretionary part of the program. I object to these changes because they are unneeded. The Local Roads Improvement Program is already an excellent program. The proposed changes would not improve the program, but merely set separate standards for the entitlement and discretionary portions of the program.

### **37. Highway Engineering Positions**

*Sections 140 [as it relates to s. 20.395 (3) (cq)] and 9148 (7f)*

Section 140 [as it relates to s. 20.395 (3) (cq)] provides an additional \$551,500 SEG and 10.0 FTE SEG positions in fiscal year 2005-06 and \$1,371,800 SEG and 19.0 FTE SEG positions in fiscal year 2006-07 for additional highway engineering positions. Although there is no language authorizing this position increase, the purpose of the funding and positions was included in a Joint Committee on Finance amendment to the bill. Section 9148 (7f) specifies that the Department of Transportation may submit a request under s. 13.10 of the statutes to convert up to 6.0 FTE engineering positions in fiscal year 2006-07 to other position types that support the department's highway delivery functions.

I am partially vetoing section 140 [as it relates to s. 20.395 (3) (cq)] to remove the additional expenditure authority and highway engineering positions because the budget that I submitted already included an additional 10.0 FTE SEG engineering positions and related expenditure authority in fiscal year 2006-07. By lining out the department's s. 20.395 (3) (cq) appropriation and writing in a smaller amount that deletes the \$551,500 SEG increase provided in fiscal year 2005-06 and the \$1,371,800 SEG increase in fiscal year 2006-07, I am vetoing the part of the bill which funds the additional positions. Furthermore, I am requesting the Department of Administration secretary not to allot these funds or authorize the additional position authority.

I am also vetoing section 9148 (7f) because it is unnecessary. An administrative process already exists that allows for the conversion of positions to different classifications without legislative approval.

### **38. Expressway Policing Aids**

*Section 140 [as it relates to s. 20.395 (1) (gq)]*

Section 140 [as it relates to s. 20.395 (1) (gq)] provides an additional \$250,000 SEG in each fiscal year for expressway policing aid to Milwaukee County.

I am partially vetoing this section because it excessively increases funding for expressway policing aids by 24 percent over the biennium. By lining out the Department of Transportation's s. 20.395 (1) (gq) appropriation and writing in a smaller amount that deletes \$200,000 SEG in each fiscal year, I am partially vetoing the part of the bill which funds this provision. Furthermore, I am requesting the Department of Administration secretary not to allot these funds. The remaining \$50,000 SEG in each fiscal year will still provide a 4.8 percent increase over the biennium, which is comparable to increases provided for general transportation and transit aids. In addition, I am requesting the Department of Transportation secretary to work with the Milwaukee County sheriff to secure a report on the use of the \$1,090,800 provided annually in expressway policing aids and to ensure that the monies are used to maximize highway safety.



### **39. License Plate Rebasing**

#### *Section 140 [as it relates to s. 20.395 (5) (cq)]*

Section 140 [as it relates to s. 20.395 (5) (cq)] provides an additional \$666,000 SEG in each fiscal year for license plate rebasing.

I object to this increase because it is unneeded at this time. The Department of Transportation can utilize base funding to continue the rebasing of license plates. Under provisions included in the biennial budget, the rebasing must be completed by June 30, 2010. If the department determines that it does not have sufficient funding to complete the rebasing by the specified date, the department can request funding in the next biennial budget or request that the statutory replacement schedule be eliminated or extended. By lining out the department's s. 20.395 (5) (cq) appropriation and writing in a smaller amount that deletes the \$666,000 SEG in each fiscal year, I am vetoing the part of the bill which funds this provision. Furthermore, I am requesting the Department of Administration secretary not to allot these funds.

### **40. Gold Star License Plate**

#### *Section 2246n*

This section requires the Department of Transportation to consult with the Brian LaViolette Scholarship Foundation, Inc., in designing the Gold Star license plate for families who have had an immediate family member die in combat while serving in the U.S. Armed Forces. This section also prohibits the department from specifying a design for this license plate unless the design is approved in writing by the Department of Veteran Affairs and by the Brian LaViolette Scholarship Foundation, Inc.

I am partially vetoing this section to remove the requirement that the design must be approved in writing by the Brian LaViolette Scholarship Foundation, Inc. I object to this requirement because I feel that the Department of Veteran Affairs is the appropriate entity to provide final written approval on the design of this plate. The Department of Veterans Affairs represents veterans throughout the state and is in the best position to ensure that those who lose their lives in action are appropriately honored.

### **41. Regional Transit Authority Membership**

#### *Section 1235e*

This section designates the membership of the new regional transit authority in Kenosha, Milwaukee and Racine counties. Membership will consist of a total of seven members of which three members, one from each county in the region, would be appointed by the county executive of each county and approved by the county board; three members, one from the most populous city in each region, would be appointed by the mayor of each city and approved by the common council; and one member from the most populous city in the region, would be nominated by the Governor and appointed with the advice and consent of the Senate.

I am partially vetoing this section to remove the requirement that the Governor's nominee be subject to Senate confirmation. I object to this requirement because it would cause an unnecessary delay in formalizing the appointment of this position.

**42. Freight Rail Preservation Program**

*Section 9148 (2q)*

This section requires the Department of Transportation to allocate \$5,000,000 annually for rail rehabilitation projects and \$1,000,000 annually for rail bridge projects in the 2005-07 biennium from bonding provided in the Freight Rail Preservation Program.

I am vetoing this section because I object to this infringement on executive branch authority to manage programs. While I support the additional bonding authority provided for the Freight Rail Preservation Program, I feel the department should have maximum flexibility to be able to allocate funding for rail rehabilitation projects, rail bridge projects and rail acquisitions.

**43. Harbor Assistance Program**

*Section 9148 (2) (c)*

This section requires the Department of Transportation to award a harbor assistance grant for the construction of a dockwall in the city of Marinette at the Waupaca Foundry.

I am vetoing this section because I object to the use of harbor assistance funds for a project that has not been subject to department review and that is likely ineligible under the requirements of the harbor assistance program.

**44. Eisner Avenue**

*Section 9148 (6n)*

This section requires the Department of Transportation to award a grant of \$500,000 from the Local Roads Improvement Program in the 2005-07 biennium to the city of Sheboygan for the rehabilitation of Eisner Avenue in Sheboygan County if the city of Sheboygan and town of Sheboygan reach an agreement on the payment of the local match for the project.

I am vetoing this section because I object to the circumvention of the normal approval process for the Local Roads Improvement Program. A selected group of local government officials currently evaluates the need for these projects. It would be unfair to other local units of government if this project consumed funding that could have been utilized for local road projects that were approved through the established process.

**45. Safety Study**

*Section 9148 (3t)*

This section requires the Department of Transportation to conduct an engineering study in the 2005-07 biennium of the segment of STH 58 in Sauk County between the Sauk County and Richland County line and CTH G. The department is required to make any recommended safety improvements.

I am vetoing this section because I object to this infringement on executive branch authority to manage programs. As part of managing the highway program, the department monitors pavement quality and performs engineering studies to determine safety improvements. This section limits the department's ability to devote resources to areas with the greatest need.

**46. Sugar River State Trail Underpass**

*Section 9148 (3s)*

This section requires the Department of Transportation to incorporate an underpass for the Sugar River State Trail at the intersection of the trail with STH 69 in the village of New Glarus in Green County when the department rehabilitates that segment of highway in the 2005-07 biennium. If the village agrees with the department on a lower cost safety improvement project, the department may construct the lower cost improvement.

I am vetoing this section because this earmark is unnecessary. The department works with local governments and the public whenever a highway project is considered. In this particular case, there has been no decision from the community on how this specific part of the project should be constructed. This veto will allow the department the flexibility it needs to continue working with the community in developing a consensus on this project.