2007 DRAFTING REQUEST

Bill

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Analysis compile

Instructions:

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Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	chanaman 02/01/2007			_____ _____ _____ _____ _____			S&L Retire Tax Revocation Crime
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FE Sent For:

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State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1780/P3
ALL:all:all

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

LPS please see changes

AN ACT ...; **relating to:** the budget.

INS A

Analysis by the Legislative Reference Bureau

INTRODUCTION

This bill is the "executive budget bill" under section 16.47 (1) of the statutes. It contains the governor's recommendations for appropriations for the 2007-2009 fiscal biennium.

The bill repeals and recreates the appropriation schedule in chapter 20 of the statutes, thereby setting the appropriation levels for the 2007-2009 fiscal biennium. The descriptions that follow relate to the most significant changes in the law that are proposed in the bill. In most cases, changes in the amounts of existing spending authority and changes in the amounts of bonding authority under existing bonding programs are not discussed.

For additional information concerning this bill, see the Department of Administration's publication *Budget in Brief* and the executive budget books, the Legislative Fiscal Bureau's summary document, and the Legislative Reference Bureau's drafting files, which contain separate drafts on each policy item. In most cases, the policy item drafts contain a more detailed analysis than is printed with this bill.

GUIDE TO THE BILL

As is the case for all other bills, the sections of the budget bill that affect statutes are organized in ascending numerical order of the statutes affected.

Treatments of prior session laws (styled "[year] Wisconsin Act ....") are displayed next by year of original enactment and by act number.

The remaining sections of the budget bill are organized by type of provision and, within each type, alphabetically by state agency. The first two digits of the four-digit section number indicate the type of provision:

91XX Nonstatutory provisions.
92XX Fiscal changes.
93XX Initial applicability.
94XX Effective dates.

The remaining two digits indicate the state agency to which the provision relates:

XX01 Administration.
XX02 Aging and Long-Term Care Board.
XX03 Agriculture, Trade and Consumer Protection.
XX04 Arts Board.
XX05 Building Commission.
XX06 Child Abuse and Neglect Prevention Board.
XX07 Circuit Courts.
XX08 Commerce.
XX09 Corrections.
XX10 Court of Appeals.
XX11 District Attorneys.
XX12 Educational Communications Board.
XX13 Elections Board.
XX14 Employee Trust Funds.
XX15 Employment Relations Commission.
XX16 Ethics Board.
XX17 Financial Institutions.
XX18 Fox River Navigational System Authority.
XX19 Governor.
XX20 Health and Educational Facilities Authority.
XX21 Health and Family Services.
XX22 Higher Educational Aids Board.
XX23 Historical Society.
XX24 Housing and Economic Development Authority.
XX25 Insurance.
XX26 Investment Board.
XX27 Joint Committee on Finance.
XX28 Judicial Commission.
XX29 Justice.
XX30 Legislature.
XX31 Lieutenant Governor.
XX32 Lower Wisconsin State Riverway Board.
XX33 Medical College of Wisconsin.

XX34 Military Affairs.
XX35 Natural Resources.
XX36 Public Defender Board.
XX37 Public Instruction.
XX38 Public Lands, Board of Commissioners of.
XX39 Public Service Commission.
XX40 Regulation and Licensing.
XX41 Revenue.
XX42 Secretary of State.
XX43 State Employment Relations, Office of
XX44 State Fair Park Board.
XX45 Supreme Court.
XX46 Technical College System.
XX47 Tourism.
XX48 Transportation.
XX49 Treasurer.
XX50 University of Wisconsin Hospitals and Clinics Authority.
XX51 University of Wisconsin Hospitals and Clinics Board.
XX52 University of Wisconsin System.
XX53 Veterans Affairs.
XX54 Workforce Development.
XX55 other.

For example, for general nonstatutory provisions relating to the State Historical Society, see SECTION 9123. For any agency that is not assigned a two-digit identification number and that is attached to another agency, see the number of the latter agency. For any other agency not assigned a two-digit identification number or any provision that does not relate to the functions of a particular agency, see number "55" (**other**) within each type of provision.

In order to facilitate amendment drafting and the enrolling process, separate section numbers and headings appear for each type of provision and for each state agency, even if there are no provisions included in that section number and heading. Section numbers and headings for which there are no provisions will be deleted in enrolling and will not appear in the published act.

Following is a list of the most commonly used abbreviations appearing in the analysis.

DATCP ... Department of Agriculture, Trade and Consumer Protection
DETF ..... Department of Employee Trust Funds
DFI ..... Department of Financial Institutions
DHFS .... Department of Health and Family Services
DMA ..... Department of Military Affairs
DNR ..... Department of Natural Resources
DOA ..... Department of Administration
DOC ..... Department of Corrections

DOJ ..... Department of Justice
DOR ..... Department of Revenue
DOT ..... Department of Transportation
DPI ..... Department of Public Instruction
DRL ..... Department of Regulation and Licensing
DVA ..... Department of Veterans Affairs
DWD ..... Department of Workforce Development
JCF ..... Joint Committee on Finance
OCI ..... Office of the Commissioner of Insurance
PSC ..... Public Service Commission
UW ..... University of Wisconsin
WHEDA .. Wisconsin Housing and Economic Development Authority
WHEFA ... Wisconsin Health and Educational Facilities Authority

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AGRICULTURE

Under current law, the land to which a claim for the farmland preservation credit relates must be subject either to a farmland preservation agreement or to an exclusive agricultural use zoning ordinance certified by the Land and Water Conservation Board (LWCB). A farmland preservation agreement commits the owner to keep the land in agricultural use for the duration of the agreement, although DATCP or LWCB may release land from an agreement under certain circumstances. When land is rezoned from exclusive agricultural use, or, under certain circumstances, released from a farmland preservation agreement, DATCP must file a lien against the land for the amount of the farmland preservation credit the owner received during the preceding ten years.

This bill eliminates the requirement that DATCP file a lien against land that is released from a farmland preservation agreement or that is rezoned from exclusive agricultural use. Under the bill, to have land released from a farmland preservation agreement the owner generally must pay $100 per acre to the state, and to have land rezoned from exclusive agricultural zoning the owner must pay $100 per acre to the local governmental unit that grants the rezoning.

Currently, DATCP awards grants for land and water resource management projects and construction of animal waste management systems. This bill increases the general obligation bonding authority for this program by $7,000,000.

This bill authorizes DATCP to pay a portion a business's costs of improvements to prevent pollution from agricultural chemicals.

This bill increases the criminal penalties for violating laws regulating nurseries and laws related to plant pests. The bill also provides forfeitures (civil penalties) for violating these laws, ranging from a minimum of $200 to a maximum, for a repeat offense, of $10,000.

This bill requires DATCP to fund, from the recycling fund, research and development of anaerobic digesters, which produce and collect methane from animal waste, at farms participating in the Wisconsin Agricultural Stewardship Initiative.

COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

This bill eliminates the authority of the Department of Commerce (Commerce) to award a grant or make a loan for technology development, customized labor training, major economic development, and technology and pollution control and abatement programs, as well as the programs for revolving loan fund capitalization, rapid response loans, employee ownership assistance, urban area early planning, and the Wisconsin Procurement Institute. The bill authorizes Commerce, at the request of the Development Finance Board, to make a grant or loan to a governing body or other eligible person for any of the following: capital financing; worker training; entrepreneurial development; assistance to technology-based businesses or businesses at a foreign trade show; promoting urban or regional economic development; establishing revolving loan funds; providing working capital; and promoting employee ownership.

The bill also requires Commerce to establish procedures and conditions for grants and loans, including a matching requirement of at least 25 percent.

Currently, WHEDA maintains a surplus fund consisting of assets that are not required to pay the cost of issuing bonds or notes, to make loans, or to honor agreements with bondholders and noteholders. This bill requires WHEDA to pay Commerce from the surplus fund $2,000,000 in fiscal year 2007-08 and $2,000,000 in fiscal year 2008-09 to fund housing cost grants and loans and grants to local housing organizations.

This bill authorizes Commerce to award a grant or loan from the recycling fund to a business to increase renewable fuel or energy production or technology. A grant recipient must provide at least 50 percent of the cost of a project funded by a grant. The bill also requires Commerce to make grants totaling up to $5,000,000 to a person who plans to construct a cellulosic ethanol plant.

In addition, the bill allows moneys in the recycling fund to be used to administer the renewable fuel and energy grant and loan program and for current economic development programs funded by the Wisconsin development fund.

This bill authorizes Commerce to award a grant to a technology-based nonprofit organization to assist manufacturers in adopting process improvements that result in more goods of higher quality produced with less effort. Commerce may not award more than $1,500,000 in such grants in a fiscal biennium.

Under current law, Commerce provides funding for the promotion of science-based and technology-based businesses through a nonstock, nonprofit high-technology business development corporation. Commerce also provides funding to Forward Wisconsin, Inc., a private corporation, for its economic development promotion activities.

This bill requires Commerce to organize and assist in maintaining the Wisconsin Venture Center (WVC), a nonprofit corporation, to raise capital to promote and support emerging industries in the state. WVC must be governed by a board of directors that includes the secretary of commerce or his or her designee, the secretary

of financial institutions or his or her designee, and no more than 12 other members appointed by the governor.

This bill appropriates moneys to Commerce for advertising, marketing, and promotional activities for economic development of, and business recruitment to, this state.

COMMERCE, HOUSING, AND BUILDINGS AND SAFETY

This bill increases the initial and renewal license fees for securities agents and investment adviser representatives from $30 to $60.

Under current law, annually DOA must allocate $1,100,000 of federal funds for expenses in administering a low-income energy assistance program. This bill deletes the specific amount and directs the secretary of administration to determine the amount to allocate for expenses.

Current law directs Commerce to contract with private organizations to educate builders of one- and two-family dwellings concerning construction standards, inspection requirements, and business practices. Commerce must also educate consumers regarding the process of building these dwellings. This bill eliminates the requirement that Commerce educate builders on building practices and eliminates the requirement that Commerce educate consumers. Commerce may contract to educate builders on construction standards and inspection requirements, but is not required to do so.

CORRECTIONAL SYSTEMS

ADULT CORRECTIONAL SYSTEM

Beginning July 1, 2007, current law requires DOC to maintain global positioning system (GPS) tracking of sex offenders committed as sexually violent persons (SVPs) and certain sex offenders who have committed specified sex offenses against a child. Generally, DOC must monitor the sex offenders for the rest of their lives. DOC may petition a court to terminate the GPS tracking requirement if the individual is permanently physically incapacitated.

This bill delays the implementation of the requirements until January 1, 2008. The bill requires DOC only to record the sex offender's location rather than monitor the person, and applies the tracking requirement only while the sex offender is on supervised release, conditional release, extended supervision, parole, or lifetime supervision for the serious child sex offense. The bill eliminates the requirement to track SVPs discharged from DHFS custody and individuals who are found not guilty of a serious child sex offense by reason of mental disease or defect who are discharged from commitment, placed on probation for committing a serious child sex offense, and released from prison upon completing a sentence imposed for a serious child sex offense. The bill also allows DOC to petition a court to terminate the tracking requirement if DOC determines that the individual would not endanger the public if not tracked.

Currently, the Parole Commission in DOC determines whether, and under what conditions, inmates serving indeterminate sentences may be released from imprisonment to parole. A person who is serving a bifurcated sentence is not eligible for parole and generally must serve the entire confinement portion of his or her

bifurcated sentence before being released to extended supervision. However, a person who is sentenced to a bifurcated sentence for a Class C to Class I felony may petition the sentencing court to adjust his or her sentence and release the person from prison to extended supervision if he or she has served 85 percent (for Class C to E felonies) or 75 percent (for Class F to I felonies) of the confinement portion of the sentence. A person who is released to extended supervision must serve his or her entire sentence before extended supervision terminates.

This bill renames the Parole Commission the Earned Release Review Commission. The bill authorizes the Earned Release Review Commission to release to extended supervision a prisoner who was sentenced to a bifurcated sentence for a Class F to I felony if the prisoner has served 75 percent of the confinement portion of the sentence and to terminate the extended supervision of a prisoner who was sentenced to a bifurcated sentence for a Class F to I felony if the prisoner has served 75 percent of the extended supervision portion of the sentence. A prisoner who is serving a bifurcated sentence for a Class C to a E felony must petition the sentencing court for sentence adjustment.

Current law requires DOC and DHFS to provide, at the Robert E. Ellsworth Correctional Center, a substance abuse treatment program for inmates who are eligible to earn early release to parole or extended supervision upon successful completion of the program. This bill allows DOC and DHFS to provide the program at any correctional facility the departments determine is appropriate.

Under current law, DOC may house a person released to extended supervision for up to 90 days in a regional detention facility or, with the approval of the sheriff, in a county jail. This bill allows DOC to house a person released to extended supervision for up to 90 days in any DOC facility, county jail, Huber facility, or work camp.

This bill requires DOC to provide funding for New Hope Project, Inc., a transitional employment program for criminal offenders.

JUVENILE CORRECTIONAL SYSTEM

Under current law relating to community youth and family aids, generally referred to as "youth aids," DOC must allocate various state and federal moneys to counties to pay for state-provided juvenile correctional services and local delinquency-related and juvenile justice services. DOC charges counties for the costs of services provided by DOC according to per person daily cost assessments specified by law. This bill increases those assessments.

The bill also appropriates for youth aids moneys from the county aid fund, which consists of real estate transfer fees retained by the state, and requires DOC to allocate the moneys to counties based on each county's proportion of the number of juveniles statewide who are placed in a juvenile correctional facility during the most recent three-year period for which that information is available.

Current law directs DOC to enter into contracts with organizations in Milwaukee County, Racine County, Kenosha County, and Brown County to provide services for the diversion of youths from gang activities into productive activities.

This bill transfers administration of this program to the Office of Justice Assistance in DOA.

COURTS AND PROCEDURE

CIRCUIT COURTS

Under current law, the Director of State Courts reimburses counties for certain costs incurred in administering the circuit courts. Each county is required to submit information about court costs annually by July 1. This bill requires counties to report their reimbursable court costs annually by May 15. The bill authorizes the director to audit the reports and to establish a uniform chart of accounts that each county would be required to use to record all of its financial transactions relating to court operations.

In some civil proceedings, such as those involving children in need of protective services, current law requires a circuit court to provide an interpreter for an indigent party or witness who has limited English proficiency. This bill requires the court, in all civil proceedings, to provide an interpreter for any party or witness who has limited English proficiency.

This bill authorizes the Director of State Courts to establish and collect fees for use of the circuit court automated information systems.

PUBLIC DEFENDER

Under current law, the State Public Defender (SPD) provides counsel to represent people in various legal proceedings, including criminal proceedings that may result in imprisonment, emergency detention or involuntary civil commitment proceedings, proceedings for the protective placement of an adult, paternity determinations, and juvenile delinquency proceedings. The SPD provides counsel to adults who are indigent and to children regardless of the child's income or assets.

This bill requires the SPD to provide legal representation to any person, regardless of whether the person is indigent, who seeks SPD representation and is the subject of an involuntary commitment proceeding for mental health or alcoholism treatment, a protective placement or services proceeding, or a proceeding concerning involuntary administration of psychotropic medication. The bill provides that the court may require such a person to reimburse the SPD for all or part of the costs of legal representation if the person is an adult who is able to make reimbursement.

The Supreme Court created Wisconsin Trust Account Foundation, Inc., to allocate moneys from attorney trust accounts to programs that provide civil legal services to persons who are indigent. This bill requires the Office of Justice Assistance to provide money to the Foundation, to be awarded as grants for assisting Wisconsin Works participants with medical claims, developing discharge plans for mentally ill inmates, coordinating insurance benefits for medical assistance recipients, providing ancillary services to juvenile offenders, obtaining child support, and acting as a guardian ad litem in cases with the Bureau of Milwaukee Child Welfare.

CRIMINAL LAW

CRIMINAL PROCEDURE

Under current law, if a court has reason to doubt the competency of a criminal defendant, the court may require DHFS to examine the defendant to determine whether the person is competent to proceed to trial. If the examiner determines that the person is not competent, but may attain competency with treatment, the court must suspend the criminal proceedings and commit the defendant to the custody of DHFS for placement in an appropriate mental health institution for up to 12 months, or for the maximum sentence specified for the most serious offense with which the defendant is charged, whichever is less.

Under this bill, if DHFS determines that a defendant is incompetent, DHFS also determines whether he or she will be treated in a mental health institution or receive treatment in a jail or a locked unit of a facility.

Under current law, a person found not guilty of a crime by reason of mental disease or defect may receive supervision in the community under the conditional release program. If a participant in the conditional release program violates a condition of his or her release, or is otherwise deemed unsafe for community living, DHFS may require the person to be detained pending a petition by DHFS to revoke the person's conditional release. Current law requires DHFS to file the petition within 48 hours of the person's detention.

This bill extends the time for DHFS to file a petition for revocation of a person's conditional release from 48 to 72 hours, excluding Saturdays, Sundays, and legal holidays.

SENTENCING

The bill creates a Truth-In-Sentencing Phase II Council in DOA to submit a report containing sentencing guidelines to the legislature and the governor by January 1, 2008.

This bill eliminates the Sentencing Commission and creates a Bureau of Criminal Justice Research in the Office of Justice Assistance (OJA), which takes on some of the duties of the Sentencing Commission. Under the bill, the bureau also serves as a clearinghouse of justice system data and conducts justice system research and data analysis, currently performed by OJA. The bureau must prepare a statistical report detailing standard sentences for felonies and how the sentencing practices of each circuit court compare to its region and to the state.

Under current law, OJA awards grants to fund county programs that provide alternatives to prosecution and incarceration for criminal offenders who abuse alcohol or other drugs. This bill requires the county with the highest violent crime rate to apply for a grant and provides that, upon approval of the application, OJA must award the county a grant of $250,000 for 2008 and $500,000 for 2009.

The bill also requires the county that has the highest violent crime rate to submit a plan to OJA for conducting presentencing assessments of a target group of people who commit a Class F to I felony or a misdemeanor for the purpose of collecting information that courts may use at sentencing. Upon approval of the plan, OJA must

award the county $250,000 for 2008 and $500,000 for 2009 to perform presentencing assessments of offenders.

Under current law, when a court imposes a sentence on a person who has committed a crime or places a person who has committed a crime on probation, the person must pay a crime victim and witness assistance surcharge of $60 for each misdemeanor and $85 for each felony. Most of the surcharge is allocated to county programs for crime victims and witnesses and to provide awards to crime victims. The rest of the surcharge is used to fund services for victims of sexual assaults.

Also under current law, if a person is charged with a crime for conduct that could also be prosecuted as a civil offense and the person agrees to pay a forfeiture as part of an agreement to have the prosecution deferred or suspended, the court must impose, in addition to the forfeiture, a crime victim and witness assistance surcharge of $60 (if the person was originally charged with a misdemeanor) or $85 (if the person was originally charged with a felony).

Under this bill, a court must impose the crime victim and witness assistance surcharge if: 1) a person is charged with one or more crimes in a complaint; 2) as a result of the complaint being amended, the person is charged with a civil offense in lieu of one of those crimes; and 3) the court finds that the person committed that civil offense. Under the bill, all money collected in such cases must be used to fund county programs for crime victims and witnesses and to provide awards to crime victims.

LAW ENFORCEMENT

Currently, OJA awards grants to cities to employ uniformed police officers whose primary duty is beat patrolling. This bill authorizes OJA to provide additional grants to first class cities to employ additional uniformed police officers whose duties may or may not include beat patrolling.

Under current law, OJA awards grants to law enforcement agencies for digital recording equipment for making audio or audio and visual recordings of custodial interrogations or for training personnel to use such equipment. This bill eliminates these grants.

EDUCATION

PRIMARY AND SECONDARY EDUCATION

Current law generally limits the increase in the total amount of revenue per pupil that a school district may receive from general school aids and property taxes in a school year to the amount of revenue increase allowed per pupil in the previous school year increased by the percentage change in the consumer price index. The limit does not apply to school districts in which the amount of per pupil revenue is less than $8,400. This bill increases this amount to $8,700 for the 2007-08 school year and to $9,000 for any subsequent school year.

Currently, if a school district's enrollment is declining, its revenue limit is increased by the amount of additional revenue that would have been calculated had the decline in enrollment been 25 percent of what it was. This bill increases the district's revenue limit by the additional amount that would have been calculated had there been no decline in enrollment.

The bill also provides that, if a school district's revenue limit, as calculated before any adjustments, is less than the district's base revenue from the previous school year, the district's initial revenue limit would be set at the prior year's base revenue.

This bill provides that, beginning in the 2008-09 school year, a school district may exceed its revenue limit in any school year by $25,000 for up to 500 pupils enrolled in the district in grades 9 to 12 and by an additional $25,000 for each additional 500 pupils enrolled in the district in grades 9 to 12. A school district must work in partnership with a local law enforcement agency to develop a school safety plan and must submit the plan to DPI. The excess revenue must be used to pay for certain specified safety expenses.

This bill provides that, beginning in the 2008-09 school year, a school district may exceed its revenue limit in any school year by the amount spent in that school year to provide teacher mentoring activities, required by DPI by rule, for initial educators. An initial educator is an individual who has successfully completed an approved professional education program and is licensed by the department for the first time in a particular level or category. A school district may exceed its revenue limit by up to $2,160 per initial educator, less any grant money received by the school district for that initial educator.

Current law allows an eligible school board to enter into a five-year renewable student achievement guarantee (SAGE) contract with DPI to reduce class size to 15 pupils in grades kindergarten to three in schools with specified low-income enrollment. Eligible schools receive $2,250 for each low-income pupil enrolled in grades eligible for SAGE funding. The most recent set of SAGE contracts expired at the end of the 2004-05 school year.

This bill authorizes a new installment of renewable, five-year SAGE contracts beginning in the 2008-09 school year. DPI must give priority in awarding new SAGE contracts to schools with the highest percentage of low-income pupils.

Currently, under the Milwaukee Parental Choice Program (MPCP), the state pays for certain pupils to attend private schools located in the city of Milwaukee. For each pupil attending a private school under the MPCP, the state pays the lesser of the private school's educational cost per pupil or the amount paid per pupil in the previous school year under the MPCP increased by the percentage change in general school aid over the previous school year. State aid to the Milwaukee Public Schools (MPS) is then reduced by an amount equal to 45 percent of the amount paid by the state for the MPCP.

This bill maintains the 45 percent reduction in state aid paid for up to 15,000 pupils attending private schools under the MPCP, but eliminates the reduction for all pupils above 15,000.

Under current law, to continue in the MPCP, a private school must submit an independent financial audit and evidence of sound fiscal practices to DPI by September 1 following a year in which the private school participated in the MPCP.

This bill requires each private school participating in the MPCP to pay to DPI an annual, nonrefundable fee in an amount to be determined by DPI. DPI must use the fees to evaluate the financial audits and evidence of sound fiscal practices.

This bill authorizes DPI to pay up to $5,000,000 in the 2007-08 school year and up to $10,000,000 annually thereafter to the Milwaukee Board of School Directors to implement initiatives to improve pupil academic achievement in all grades. The board must submit a plan to DOA for its approval that describes the initiatives planned and the research showing that the initiatives have a positive effect on pupil academic achievement.

This bill directs MPS to reduce by $150 the fee for each pupil who enrolls in a driver education program offered by the school district and who meets income eligibility standards for a free or reduced lunch plan. For each pupil who successfully completes the driver education program, DPI must reimburse MPS $150 per eligible pupil or a prorated amount if the number of eligible pupils exceeds the amount of aid available. The aid is paid from the transportation fund.

This bill allows the city of Milwaukee to establish one residential charter school of no more than 300 pupils. If the city does so, the per pupil reimbursement rate for the state's payment to the school is twice the rate for other charter schools.

This bill changes the funding source for pupil transportation aid from the general fund to the transportation fund.

Beginning in the 2007-08 school year, this bill increases the annual reimbursement rate for school districts that transport pupils more than 12 miles to school from $180 per pupil so transported to $220 per pupil so transported.

Beginning in the 2008-09 fiscal year, this bill authorizes DPI to award grants to school boards to implement four-year-old kindergarten programs. A school board may receive an initial grant of up to $3,000 for each pupil enrolled in a four-year-old kindergarten program in the school district and a second grant, in the succeeding school year, of up to $1,500 for each such pupil.

Under current law, the state reimburses school boards and private schools 10 cents for each breakfast served under the School Breakfast Program. This bill raises the reimbursement rate to 15 cents.

Current statutes direct DPI to award precollege scholarships to minority pupils who enroll in college classes or programs designed to improve academic skills that are essential for success in postsecondary school education. In November 2004, DPI reached an agreement with the Office of Civil Rights in the U.S. Department of Education to award the scholarships to pupils who, regardless of race, are eligible for a free or reduced-price lunch under the federal School Lunch Program. This bill modifies the statutes to conform to this agreement.

Under current law, a school board may not grant a high school diploma to any pupil unless the pupil has earned, in grades 9 to 12, at least 4 credits of English, 3 credits of social studies, 2 credits of mathematics, 2 credits of science, and 1.5 credits of physical education. Beginning with pupils graduating in 2011, this bill requires an additional credit of mathematics and of science.

This bill directs DPI to award grants to school districts to develop innovative instructional programs in science, technology, engineering, and mathematics; support pupils who are typically under-represented in these subjects; and increase the academic achievement of pupils in these subjects.

Current law directs DPI to award a grant to any person who is certified by the National Board for Professional Teaching Standards, licensed by DPI as a teacher or employed as a teacher in a private school, and employed as a teacher in this state.

This bill provides that a teacher who is licensed by DPI as a master educator is also eligible for the grant. The bill also doubles the amount of the grant if the recipient is employed in a school in which at least 60 percent of the pupils are eligible for a free or reduced-price lunch under the federal school lunch program.

This bill creates a grant program to encourage world languages instruction in elementary grades. Under the bill, a school board may apply to DPI for a six-year grant to pay for a portion of the compensation packages of up to two teachers and to phase in world languages instruction in grades one to six. The bill directs DPI to establish criteria for receiving a grant and requires teachers from participating schools to attend professional development workshops to be offered by the department twice each year.

This bill authorizes a school board to construct or acquire a wind electricity generation facility and to use or sell the energy generated by the facility.

HIGHER EDUCATION

Generally, current law allows a UW System student who has been a bona fide Wisconsin resident for the 12 months preceding the beginning of a semester or session for which the student registers to pay resident, as opposed to nonresident, tuition.

This bill allows an alien who is not a legal permanent resident of the United States to pay resident, as opposed to nonresident, tuition if: 1) he or she graduated from a Wisconsin high school or received a high school graduation equivalency from Wisconsin; 2) was continuously present in Wisconsin for at least one year following the first day of attending a Wisconsin high school; and 3) enrolls in a UW System institution and provides the institution with an affidavit stating that he or she has filed or will file an application for permanent residency with U.S. Citizenship and Immigration Services as soon as the person is eligible to do so.

The bill also provides that such persons are to be considered residents of this state for purposes of admission to and payment of fees at a technical college.

Currently, under certain circumstances, the UW System and each technical college must provide a full remission of fees for 128 credits or eight semesters, whichever is longer, to an eligible veteran or to the spouse, unremarried surviving spouse, or child of an eligible veteran. An eligible veteran is one who died on active duty, died as the result of a service-connected disability, died in the line of duty while on duty for training purposes, or has been awarded at least a 30 percent service-connected disability rating.

Currently, to be eligible for the fee remission, the child of the eligible veteran must be at least 18 but not yet 26 years old and a full-time student. This bill reduces

the minimum age to 17 and eliminates the full-time requirement. The bill also requires the Higher Educational Aids Board (HEAB) to reimburse the UW and each technical college for fees remitted for eligible veterans and their spouses, unremarried surviving spouses, and children.

This bill prohibits the Board of Regents of the UW System (board) from making expenditures for supplemental salary increases for faculty whose services are in high demand by other higher educational institutions unless the board has submitted a plan for the expenditure to the secretary of administration, and the secretary has approved the expenditure. The prohibition applies only if the board expends an amount in a fiscal year that exceeds the amount expended in the prior fiscal year. The secretary's approval is required only for the amount that exceeds the prior fiscal year's amount.

Under current law, the board must require undergraduate applicants, with certain exceptions, to pay a $35 application fee, and graduate, law, and medical school applicants to pay a $45 application fee. This bill increases the undergraduate application fee to $50 and the graduate, law, and medical school application fee to $60.

This bill provides general purpose revenues to the board to support the Biomedical Technology Alliance in southeastern Wisconsin.

This bill requires the board to allocate $200,000 of its general program operations funding in the 2008-09 fiscal year to establish the UW-Milwaukee School of Public Health, but only if the board approves the school.

This bill changes the funding source for several technical college system appropriations from the general fund to the transportation fund.

OTHER EDUCATIONAL AND CULTURAL AGENCIES

Under current law, HEAB awards various grants to resident students for higher education. This bill establishes a Wisconsin Covenant Scholars Program under which, beginning in the 2011-12 academic year, HEAB must award grants based on financial need to undergraduates enrolled at least half time at nonprofit public or private institutions of higher education or at tribally controlled colleges in this state. A student is eligible for a grant under the program for up to the equivalent of ten semesters, so long as the student meets acceptable academic standards.

The bill also requires DOA to conduct certain activities to promote attendance at nonprofit postsecondary educational institutions in this state. Those activities include contracting with The Wisconsin Covenant Foundation, Inc., to establish and implement a campaign to promote attendance at nonprofit postsecondary educational institutions in this state and distributing not more than $250,000 in each fiscal year as grants to school districts for reimbursement of teachers and administrators for costs incurred in participating in training relating to character education.

Under current law, HEAB awards Wisconsin higher education grants (WHEG grants) to undergraduates enrolled at least half time at nonprofit public institutions of higher education or tribally controlled colleges in this state. Currently, a WHEG grant may not exceed $3,000 for an academic year. This bill sets that maximum grant

amount during any academic year at 50 percent of the resident undergraduate academic fees charged to attend the University of Wisconsin-Madison for the previous academic year.

Under current law, DOA receives aid from a federal program that supports universal access to telecommunications services, commonly referred to as the E-Rate Program, that DOA uses to provide educational telecommunications access to educational agencies that are eligible for a rate discount under the E-Rate Program, specifically, public or private elementary and secondary schools and public libraries. This bill permits DOA to use moneys received under the E-Rate Program to make payments to telecommunications providers that provide educational telecommunications access to those educational agencies.

This bill appropriates to the Medical College of Wisconsin, Inc., general purpose revenues for translational research, which is the transfer of knowledge gained from basic research to new and improved methods of preventing, diagnosing, or treating disease, as well as the transfer of clinical insights into hypotheses that can be tested and validated in the basic research laboratory.

Under current law, historical organizations in this state may be incorporated as affiliates of the State Historical Society of Wisconsin if their purposes and programs are similar to and consonant with those of the Historical Society. This bill directs the Historical Society to distribute a grant annually to the Wisconsin Black Historical Society and Museum to fund the operations of that society and museum.

EMPLOYMENT

Under current law, faculty and academic staff of the UW System do not have collective bargaining rights under the State Employment Labor Relations Act (SELRA). This bill provides faculty and academic staff of the UW System collective bargaining rights under state law in a manner similar to that provided other state employees under SELRA, including the right to collectively bargain over wages, hours, and conditions of employment.

Unfair labor practices for UW System academic staff and faculty collective bargaining are generally the same as those under SELRA, except that the bill specifically provides that it is not an unfair labor practice for the Board of Regents of the UW System to implement changes in salaries or conditions of employment for members of the faculty or academic staff at one UW institution and not for such persons at other UW institutions if certain conditions are met. Under the bill, the subjects of collective bargaining are the same as under SELRA, except that collective bargaining is prohibited on the mission and goals of the Board of Regents; the diminution of the right of tenure provided faculty; the rights granted faculty and academic staff under current law; and academic freedom. Finally, under the bill, collective bargaining agreements covering UW faculty and academic staff must be approved by the Joint Committee on Employment Relations and adopted by the legislature.

Under current law, in local government employment other than law enforcement and fire fighting employment, if a dispute relating to the terms of a proposed collective bargaining agreement has not been settled after a reasonable

period of negotiation and after mediation by the Wisconsin Employment Relations Commission (WERC), either party, or the parties jointly, may petition WERC to initiate compulsory, final, and binding arbitration with respect to any dispute relating to wages, hours, and conditions of employment. An arbitrator or arbitration panel must adopt the final offer of one of the parties on all disputed issues, which is then incorporated into the collective bargaining agreement.

This process does not apply, however, to a dispute over economic issues involving a collective bargaining unit consisting of school district professional employees if WERC determines that the employer has submitted a qualified economic offer (QEO). A QEO consists of a proposal to maintain the percentage contribution by the employer to the employees' existing fringe benefit costs and the employees' existing fringe benefits and to provide for an annual average salary increase having a cost to the employer at least equal to 2.1 percent of the existing total compensation and fringe benefit costs for the employees in the collective bargaining unit plus any fringe benefit savings. Fringe benefit savings is that amount, if any, by which 1.7 percent of the total compensation and fringe benefit costs for all municipal employees in a collective bargaining unit for any 12-month period covered by a proposed collective bargaining agreement exceeds the increased cost required to maintain the percentage contribution by the municipal employer to the municipal employees' existing fringe benefit costs and to maintain all fringe benefits provided to the municipal employees.

This bill eliminates the QEO exception from the compulsory, final, and binding arbitration process.

This bill requires DWD to use moneys received by DHFS from licensing, review, and certifying activities to implement and operate youth summer jobs programs in the city of Milwaukee and to award grants to the Boys and Girls Clubs of Greater Milwaukee to fund programs that improve the social, academic, and employment skills of youths who reside in the city of Milwaukee.

This bill changes the funding source for the Employment Transit Assistance Program, which funds projects to improve access to jobs in areas that are not served by an adequate mass transit system, from the general fund to the transportation fund.

ENVIRONMENT

WATER QUALITY

Under the Clean Water Fund Program, the state makes loans at subsidized interest rates for projects to control water pollution, including sewage treatment plants. This bill changes the interest rate for projects that are necessary to prevent a municipality from violating a pollution limit in its wastewater discharge permit from 55 percent of the market interest rate to 70 percent of the market interest rate.

This bill sets the present value of the Clean Water Fund Program subsidies that may be provided during the 2007-09 biennium at $99,100,000. The bill also increases the general obligation bonding authority for the Clean Water Fund Program by $49,500,000 and increases the revenue bonding authority for the Clean Water Fund program by $368,145,000.

Under the Safe Drinking Water Loan Program, the state makes loans at subsidized interest rates to local governmental units for projects to construct or modify public water systems. This bill sets the present value of the Safe Drinking Water Loan Program subsidies that may be provided during the 2007-09 biennium at $16,700,000. The bill also increases the general obligation bonding authority for the Safe Drinking Water Loan Program by $6,090,000.

Current federal law authorizes the Environmental Protection Agency (EPA) to carry out projects to clean up contaminated sediment in the Great Lakes and tributaries of the Great Lakes. The federal law requires a portion of the funding for a project to be provided from a source other than the federal government. This bill authorizes DNR to pay a portion of the costs of a project to remove contaminated sediment from Lake Michigan or Lake Superior or a tributary of Lake Michigan or Lake Superior if EPA provides federal funds for the project, and the bill provides $17,000,000 in bonding authority for this purpose.

Under current law, DNR provides funding for the management of urban storm water runoff and for flood control and riparian restoration projects. This bill increases the general obligation bonding authority for these projects by $6,000,000.

Under current law, DNR provides funding for measures to reduce water pollution from nonpoint (diffuse) sources. This bill increases the general obligation bonding authority for nonpoint source measures by $12,000,000.

Under current law, under the targeted runoff management grant process, local governmental units annually apply for funding from DNR for new nonpoint source projects. DNR annually ranks the eligible applications based on specified criteria and selects projects to receive funding. Local governmental units provide cost-sharing grants to land owners to implement the projects.

This bill authorizes DNR to provide funding, outside of the targeted runoff management grant process, for animal waste management. DNR may provide funding to a local governmental unit for a project at an animal feeding operation that is discharging pollution to the waters of this state if DNR determines that such funding outside of that process is necessary to protect fish and aquatic life.

ENVIRONMENTAL CLEANUP

Under the Land Recycling Loan Program, the state makes interest-free loans to political subdivisions for projects to remedy contamination that has affected, or threatens to affect, groundwater or surface water. This bill sets the present value of the Land Recycling Loan Program subsidies that may be provided during the 2007-09 biennium at $3,400,000.

Under current law, the Department of Commerce (Commerce) administers a program (known as PECFA) to reimburse owners of certain petroleum product storage tanks for some of the costs they incur in cleaning up discharges from those tanks. This bill authorizes Commerce to contract with consultants and contractors to clean up a discharge from a storage tank and to pay the consultants and contractors directly.

This bill also authorizes Commerce to contract with a person to empty, remove, and dispose of an underground petroleum product storage tank that has not been

properly closed if Commerce is unable to identify the owner of the tank or Commerce determines that the owner is unwilling or unable to pay.

Current law authorizes DNR to conduct or fund activities to investigate and remedy environmental contamination in some situations. This bill increases the authorized general obligation bonding authority to finance those activities by $3,000,000.

OTHER ENVIRONMENT

This bill creates an Office of Public Intervenor attached to DOJ. The bill requires the attorney general to appoint an assistant attorney general to serve as the public intervenor. The bill authorizes the public intervenor to commence or intervene in court proceedings whenever necessary to protect the public rights in water and other natural resources; act as an interested party in actions in which he or she intervenes, and present evidence, cross-examine witnesses, and file briefs; and appeal administrative rulings to the courts.

Current law imposes a recycling fee of $3 per ton on solid waste, other than certain kinds of high-volume industrial waste, disposed of at a landfill or other waste disposal facility. The recycling fee is deposited into the recycling fund. This bill increases the recycling fee to $6 per ton.

Current law imposes an environmental repair fee on solid and hazardous waste disposed of at a landfill or other waste disposal facility. The environmental repair fee is 50 cents per ton, except that the fee is lower for mining waste and certain kinds of high-volume industrial waste. The environmental repair fee is deposited into the environmental fund. This bill increases the environmental repair fee to $1.60 per ton.

This bill transfers $13,000,000 in fiscal year 2007-08 and $20,000,000 in fiscal year 2008-09 from the recycling fund to the general fund. The bill also transfers $4,000,000 in fiscal year 2007-08 from the petroleum inspection fund to the general fund.

This bill changes the funding source for DNR's administration of the Motor Vehicle Emission Inspection and Maintenance Program from the general fund to the transportation fund.

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, DHFS administers the Medical Assistance (MA) program and the BadgerCare health care program, which provide health care benefits for eligible individuals (generally, pregnant women, certain children, and elderly or disabled individuals, all of whom must meet specific low-income requirements). Families, children who do not reside with their parents, and unborn children whose mothers are not eligible for MA or BadgerCare may be eligible for BadgerCare if their incomes do not exceed 185 percent of the federal poverty line and they meet certain nonfinancial criteria, such as not having access to employer-subsidized health care coverage.

Under this bill, DHFS must request a waiver from, and submit amendments to the state MA plan to, the secretary of the federal Department of Health and

Human Services to allow DHFS to implement an MA health care program called BadgerCare Plus (BC+). BC+ would be financed as are other MA programs, partly with federal funds and partly with state funds. BC+ would replace all of BadgerCare and part of MA. Thus, individuals who satisfy eligibility criteria under both BC+ and BadgerCare would receive benefits under BC+, and individuals who satisfy eligibility criteria under both BC+ and MA would receive benefits under either BC+ or MA, depending on the basis for their eligibility for MA.

BC+ would provide health care benefits to recipients under two different plans, depending on the basis for the recipient's eligibility. The first plan provides the same benefits that are provided under regular MA. Individuals eligible for BC+ benefits under the regular MA plan include: a pregnant woman whose family income does not exceed 200 percent of the poverty level; a child under one year of age whose mother, on the day on which the child was born, was eligible for and receiving benefits under MA or BC+ under the regular MA plan; any child whose family income does not exceed 200 percent of the poverty level; an individual whose family income does not exceed 200 percent of the poverty level and who is the parent or caretaker relative of a child who is, generally, living in the home of the parent or caretaker relative; certain migrant workers and their dependents; and an individual between 19 and 21 years of age who was in foster care on his or her 18th birthday.

The second plan, called the Benchmark Plan, provides specified benefits, such as coverage for prescription drugs; physicians' services; inpatient and outpatient hospital services; home health services; physical, occupational, speech, and pulmonary therapy; treatment for nervous and mental disorders and alcoholism and other drug abuse problems; durable medical equipment; and transportation to obtain emergency medical care. Individuals eligible for BC+ benefits under the Benchmark Plan include: a pregnant woman whose family income exceeds 200 percent, but does not exceed 300 percent, of the poverty level; a child under one year of age whose mother, on the day on which the child was born, was eligible for and receiving BC+ benefits under the Benchmark Plan; any child whose family income exceeds 200 percent, but does not exceed 300 percent, of the poverty level; and an individual whose family income exceeds 200 percent, but does not exceed 300 percent, of the poverty level and who is the parent or caretaker relative of a child who is, generally, living in the home of the parent or caretaker relative. In addition, any child whose family income exceeds 300 percent of the poverty level may purchase coverage under the Benchmark Plan at the full per member per month cost of the coverage.

For coverage under both the regular MA plan and the Benchmark Plan, a child is defined to include an unborn child whose mother is not eligible for MA or BC+ but satisfies all other eligibility criteria except that she is not a U.S. citizen or qualifying alien or is an inmate of a public institution. If the mother's family income does not exceed 200 percent of the poverty level, the unborn child is eligible for prenatal care under the regular MA plan; if the mother's family income exceeds 200 percent, but does not exceed 300 percent, of the poverty level, the unborn child is eligible for prenatal care under the Benchmark Plan.

As a condition of eligibility for BC+, an individual who is eligible for enrollment in a group health plan must apply for enrollment in that plan if DHFS determines that it is cost-effective. With exceptions for pregnant women, individuals in foster care on their 18th birthday, and certain children, no individual whose family income exceeds 150 percent of the poverty level is eligible for BC+ if the individual has health care coverage under the state employee health plan or coverage that is provided by an employer and for which the employer pays at least 80 percent of the premium. Regardless of family income, however, an unborn child is not eligible for BC+ if the unborn child or its mother has any type of health insurance coverage. If an individual whose family income exceeds 150 percent of the poverty level or an unborn child or its mother had access, in the 12 months before applying for BC+, to health care coverage under the state employee health plan or coverage that is provided by an employer and for which the employer pays at least 80 percent of the premium, the individual or unborn child is not eligible for BC+ unless there is a good cause reason that the individual or unborn child or its mother did not enroll in the coverage. A pregnant woman whose family income exceeds 200 percent of the poverty level and who has health insurance coverage must maintain that coverage as a condition of eligibility for BC+. If an individual whose family income exceeds 150 percent of the poverty level had coverage under the state employee health plan or employer-provided coverage but no longer has the coverage, if an unborn child or its mother had health insurance coverage but no longer has the coverage, or if a pregnant woman whose family income exceeds 200 percent of the poverty level did not maintain the coverage that she had, the individual, unborn child, or pregnant woman is not eligible for BC+ for three calendar months following the month in which the coverage ended unless there was a good cause reason for the termination of the coverage.

With certain exceptions, for an individual whose family income exceeds 150 percent of the poverty level, DHFS must verify directly with the employer, if any, whether the individual has or had insurance coverage or access. An employer must supply the information upon request within a certain time or pay a penalty equal to the full per member per month cost of coverage under BC+ for each month the individual is covered under BC+ until the employer provides the information. Penalties are limited to no more than $1,000 in any six-month period for an employer with fewer than 250 employees, and to no more than $15,000 in any six-month period for other employers.

Generally, the same copayment requirements that apply under MA apply to BC+ recipients with benefits under the regular MA plan. BC+ recipients with benefits under the Benchmark Plan are subject to the copayment and coinsurance requirements specified in the bill for that plan. A BC+ recipient who is an adult, who is not a pregnant woman, and whose family income is at least 150 percent of the poverty level must pay a premium for BC+ coverage that may not exceed 5 percent of the recipient's family income. A BC+ recipient who is a child whose family income is at least 200 percent of the poverty level must pay a premium for BC+ coverage that may not exceed the full per member per month cost of coverage for a child with a family income equal to 300 percent of the poverty level. A BC+ recipient who is an

unborn child or a pregnant woman whose family income exceeds 200 percent of the poverty level must pay a premium that may not exceed the full per member per month cost of coverage for an adult with a family income equal to 300 percent of the poverty level. If a recipient who is required to pay a premium does not pay it when due, the recipient's coverage terminates and the recipient may not be eligible for BC+ again for six months.

This bill creates the health care quality fund, consisting of moneys obtained from an increase in cigarette and other tobacco products taxes, from assessments on hospitals, and from certain other sources. The health care quality fund is used as another source of funding for MA and for BadgerCare.

Currently, MA provides federal and state moneys to pay for health care and long-term care services, including care in a nursing home, for persons who are low-income, elderly, or disabled and who meet other specific eligibility requirements. To be eligible for MA for long-term care services, an individual must meet certain very low income and resource requirements, and may have to reduce his or her income and resources by paying for his or her own long-term care until the eligibility requirements are met.

Currently, if a person transfers his or her assets for less than fair market value for the purpose of reducing his or her income and resources to become eligible for MA for long-term care services (divestment) on or after the person's look-back date (generally, three years before the person applies for MA for long-term care services), the person may be ineligible for MA for a specified time (penalty period). This bill does all of the following with respect to divestment:

1. Changes the look-back date to five years for transfers that occur on or after February 8, 2006.

2. Changes the beginning date for the penalty period from the date on which assets were transferred to the later of the date on which assets were transferred or the date on which the person applies and is eligible for MA for long-term care services.

3. Provides that the purchase of a loan, promissory note, mortgage, or life estate after February 8, 2006, is a divestment and specifies the requirements for when such a purchase is not to be considered a divestment.

4. Provides that as a condition of receiving MA for long-term care services an applicant or recipient must disclose any interest he or she or his or her spouse has in an annuity that was purchased on or after February 8, 2006, or with respect to which a transaction occurred on or after February 8, 2006.

5. Specifies the conditions under which the purchase of an annuity on or after February 8, 2006, is not considered a divestment, including designating DHFS as a remainder beneficiary under the annuity in the first position.

6. Requires DHFS to establish a process, to determine if the divestment rules would result in undue hardship for a person and should not apply.

7. Provides, generally, that a person is ineligible for MA for long-term care services if the equity in the person's home exceeds $750,000, unless his or her spouse or minor or disabled child is living in the home. Under current law, a person's home,

regardless of its value, is not counted when the person's income and resources for MA eligibility are determined.

This bill requires DHFS to request a waiver from the secretary of the federal Department of Health and Human Services to conduct a demonstration project under which DHFS would provide health care coverage of primary and preventive care for adults under the age of 65 who have family incomes not exceeding 200 percent of the poverty level; who are not otherwise eligible for MA, BadgerCare, or Medicare; and who did not have coverage under the Health Insurance Risk-Sharing Plan within six months before applying.

Under current law, DHFS provides block grant moneys to Milwaukee County for providing health care services to persons who meet certain criteria for dependency. Under this bill, the amount that DHFS would otherwise provide in such block grant moneys would be offset by amounts paid for individuals in Milwaukee County under the demonstration project to provide health care coverage for eligible adults.

Currently, DHFS may obtain from insurers information DHFS needs to identify an MA recipient who is eligible for benefits under a disability insurance policy or, if enrolled as the dependent of a beneficiary, would be eligible for benefits; claims submittal information; and types of benefits provided under the policy. DHFS must enter into an agreement with the insurer that identifies the information to be disclosed, safeguards confidentiality, and specifies how the insurer's reasonable costs for this work will be determined and paid by the state. Insurers must provide the information within specified deadlines, and the commissioner of insurance may initiate enforcement proceedings for noncompliance.

Under this bill, DHFS may receive health care services coverage information from, in addition to insurers, self-insured plans, service benefits plans, and pharmacy benefits managers (third parties). DHFS may also gather information about BadgerCare recipients who are eligible or who would be eligible as dependents for health care coverage from a third party. DHFS must pay compensation for providing the information. DHFS may notify the attorney general of third parties, other than insurers, that fail to provide information requested.

Under the bill, third parties must accept assignment to DHFS of an individual's right to receive payment from the third party for a health care item or service paid for under MA, BadgerCare, or a program administered under MA under a federal waiver. Third parties must also accept DHFS's right to recover third-party payments for which assignment had not been accepted. A third party must respond to an inquiry by DHFS concerning a claim for payment of a health care item or service if the inquiry is made within 36 months after the item or service is provided. Further, third parties must agree not to deny a DHFS claim on the basis of certain circumstances, if submitted less than 36 months after the health care item or service is provided and if action by DHFS to enforce its rights is commenced less than 72 months after DHFS submits the claim.

Under current law, nursing home reimbursements for care provided to MA recipients are determined under a system that considers, among other things, direct care costs, as adjusted by DHFS for regional labor cost variations. For this purpose,

DHFS treats the counties of Dane, Iowa, Columbia, and Sauk as a single labor region. This bill adds Rock County to this labor region.

Currently, under the MA waiver community integration program for persons relocated from, or meeting requirements of, MA reimbursements to nursing homes (commonly known as CIP II), DHFS provides enhanced MA reimbursement for up to 150 persons who are diverted from imminent entry into nursing homes. Enhanced reimbursement for more than 150 persons must be approved by JCF. This bill requires the approval from the secretary of administration instead of from JCF.

Under current law, some individuals who are eligible for MA are also eligible for Medicare Part D, which is the portion of the federal health insurance program that provides prescription drug coverage for individuals who are, generally, 65 years of age or older or disabled. Enrollment in Medicare Part D is voluntary. Not all Part D plans in which individuals may enroll cover all of the prescription drugs that may be covered under Medicare Part D.

Under this bill, if an individual is eligible for both MA and Medicare Part D, MA will not pay for any prescription drug for which there may be coverage under Medicare Part D, whether or not the individual is enrolled in Medicare Part D and, if he or she is enrolled, whether or not the individual's Part D plan covers the drug.

Currently, some individuals who are eligible for MA are also eligible for Medicare, a federal health insurance program for individuals who are, generally, 65 years of age or older or disabled. Medicare Part A covers hospital and related services, and coverage is automatic. Medicare Part B covers outpatient, nursing, and physician services and various other health care services, such as diagnostic tests. Enrollment in Medicare Part B is voluntary, and an enrollee must pay a premium. Current law does not require an individual who is eligible for both MA and Medicare to enroll in Medicare Part B, and DHFS reimburses providers under MA for services that would be covered under Medicare Part B if the individual were enrolled in Medicare Part B.

This bill provides that DHFS may require an individual who is eligible for Medicare and for MA services under a number of eligibility categories to enroll in Medicare Part B as a condition of receiving those MA services. If DHFS requires an individual to enroll in Medicare Part B, DHFS must pay the monthly premiums for the coverage. Because MA does not pay for benefits to which an individual is entitled under another benefit program, MA would no longer pay for any benefits that are covered under Medicare Part B after the individual enrolls in Medicare Part B.

Currently, one category of MA recipients is termed "categorically needy"; these persons have incomes and resources at the eligible levels and can be determined to be retroactively eligible for MA for a certain period of months. Another category of recipients is termed "medically needy"; these persons have resources at eligible levels and incur medical expenses that, if paid, bring their incomes to eligible levels. Currently, if an MA applicant is found to be retroactively eligible as a "categorically needy" recipient and a provider has billed the recipient directly for services provided during the retroactive period, the provider, upon notice that the applicant is retroactively eligible, must submit claims for MA payment to DHFS. When paid by DHFS, the provider must reimburse the MA recipient for payment the recipient or

another person made to the provider for services provided to the recipient during the retroactively eligible period. Regardless of the amount the provider has charged the MA recipient, the provider may not be required to reimburse the recipient more than the amount that the provider is paid for the services by MA.

This bill eliminates the prohibition on requiring a health care provider to reimburse for services paid for by a "categorically needy" MA recipient in an amount that is greater than the provider is paid for the services under the MA program. Instead, the bill requires that the health care provider reimburse the MA recipient or another person in the amount that the recipient or other person has paid the provider for the recipient's care and extends this repayment requirement to "medically needy" MA recipients.

Currently, in addition to providing family planning as a benefit to MA recipients, DHFS administers, under a waiver of federal Medicaid laws, a demonstration project to provide family planning services to women between the ages of 15 and 44 with family incomes of not more than 185 percent of the federal poverty level.

This bill requires DHFS to request an amended federal waiver for the demonstration project to provide family planning under MA to men between the ages of 15 and 44 and to increase the financial eligibility limitation under the demonstration project to 200 percent of the federal poverty level.

CHILDREN

Under current law, DHFS provides or oversees county provision of, various services to children and families. These services include services for children in need of protection or services and their families; adoption services; licensing of child welfare agencies, foster homes, group homes, day care centers, and shelter care facilities; investigating cases of suspected child abuse or neglect; providing a state supplemental food program for women, infants, and children; and distributing funding for children's community programs, child abuse and neglect prevention programs, food distribution programs, domestic abuse services, tribal adolescent services, community action programs to assist poor persons, and a brighter futures initiative to prevent delinquent behavior, alcohol and other drug abuse, child abuse and neglect, and nonmarital pregnancy.

This bill creates the Department of Children and Families (DCF), effective July 1, 2008, and transfers from DHFS to DCF the duty to provide or oversee the provision of these services. The bill also renames DHFS the Department of Health Services.

Under current law, DWD administers the Wisconsin Works (W-2) program, which provides work experience and benefits for low-income custodial parents, job search assistance, and child care subsidies. DWD also administers the program for establishing and enforcing child and spousal support and establishing paternity and medical support liability. This bill transfers from DWD to DCF the responsibility for administering these programs.

Under current law, DHFS administers the Child Abuse and Neglect Prevention Program, under which DHFS awards grants to counties and Indian tribes that offer voluntary home visitation services to first-time parents who are eligible for MA. Current law requires DHFS to determine the amount of a grant awarded to a county

or an Indian tribe in excess of the statutory minimum grant amount of $10,000 based on the number of births that are funded by MA in that county or the reservation of that Indian tribe in proportion to the number of those births in all of the counties and the reservations of all of the Indian tribes to which grants are awarded. Currently, no more than six rural counties, three urban counties, and two Indian tribes may be selected to participate in the program.

This bill requires DCF, beginning January 1, 2009, to determine the amount of a grant in excess of the statutory minimum based on the number of births that are funded by MA in a county or a reservation of an Indian tribe without regard to the number of those births in other counties and reservations. The bill also eliminates the caps on the number of counties and Indian tribes that may be selected to participate in the program.

The bill directs DCF to award grants to applying counties, local health departments, Indian tribes, private nonprofit agencies, and local partnerships (organizations) to provide voluntary one-time home visits to all first-time parents in the community served by the organization. The purposes of the home visits are to provide those parents with basic information regarding infant health and nutrition, the care, safety, and development of infants, emergency services for infants, and shaken baby syndrome and impacted babies; to identify the needs of the parents; and to provide the parents with referrals to programs, services, and other resources that may meet those needs.

Recently, the U.S. Congress enacted the Adam Walsh Child Protection and Safety Act of 2006, which requires the states to conduct criminal records checks, including fingerprint-based checks of national crime information databases, of prospective foster or adoptive parents and to check any child abuse or neglect registry maintained by any other state in which a prospective foster or adoptive parent or any other adult living in the home of that prospective parent (adult resident) has resided in the preceding five years before the prospective foster or adoptive parent may be finally approved for placement of a child, regardless of whether foster care maintenance or adoption assistance payments will be provided on behalf of the child.

This bill conforms state law relating to background checks of prospective foster parents, adoptive parents, and adult residents to federal law, as affected by the Adam Walsh Act.

Under current law, if a court assigned to exercise jurisdiction under the Children's Code (juvenile court) issues an order placing, or maintaining the placement of, a child outside the home, the order must include findings that continued placement of the child in the home would be contrary to the welfare of the child, that reasonable efforts have been made to prevent the removal of the child from the home, and that reasonable efforts have been made to achieve the goal of the child's permanency plan, which is a plan designed to ensure that the child is reunified with his or her family whenever appropriate or that the child quickly attains a placement providing long-term stability. This bill requires the juvenile court to make the finding that reasonable efforts have been made to achieve the goal of the child's permanency plan in a termination of parental rights order.

Under current law, in an action affecting the family (for example, a divorce proceeding), if the circuit court finds that neither parent is able to care for the child adequately or is fit and proper to have care and custody of the child, the circuit court may declare the child to be in need of protection or services and transfer legal custody of the child to the county or to a licensed child welfare agency. This bill requires a circuit court that so transfers legal custody of a child to refer the matter to the juvenile court intake worker, who must conduct an intake inquiry to determine whether a petition alleging the child to be in need of protection or services should be filed with the juvenile court, and to include in the order transferring legal custody of the child a finding that placement of the child in his or her home would be contrary to the welfare of the child and, subject to certain exceptions, a finding that reasonable efforts have been made to prevent the removal of the child from the home.

The bill also requires a juvenile court, when ordering a child to be placed outside the home under the supervision of a county or, in Milwaukee County, DHFS, to order the child into the placement and care responsibility of the county or DHFS and to assign the county or DHFS primary responsibility for providing services to the child. In addition, the bill requires a county, DHFS, or DOC, when placing a child outside the home under a voluntary agreement, to explicitly state in the voluntary agreement that the county, DHFS, or DOC has placement and care responsibility for the child and has primary responsibility for providing services to the child.

This bill requires DWD to provide a child care quality rating system for child care providers licensed by DHFS that receive reimbursement under the W-2 program or that volunteer for rating under the system. The rating information must be made available, including on DWD's Internet site, to parents, guardians, and legal custodians of children who are recipients, or prospective recipients, of care and supervision from a child care provider.

This bill increases the age-related basic maintenance rates that are paid by the state or a county to a foster parent for the care and maintenance of a child.

This bill permits DHFS in fiscal year 2007-08 and DCF in fiscal year 2008-09 to expend not more than a total of $500,000 in certain federal revenues received in fiscal year 2006-07 or 2007-08 for unexpected or unusually high-cost out-of-home care placements of Indian children ordered by tribal courts.

PUBLIC ASSISTANCE

Currently, under Senior Care, DHFS reimburses pharmacists and pharmacies for providing prescription drugs to elderly persons at reduced rates. DHFS provides payments from general purpose revenues, rebate payments made by prescription drug manufacturers, and federal funds.

This bill establishes the health care quality fund, consisting of moneys obtained from an increase in cigarette and other tobacco products taxes and certain other moneys and used as another source of Senior Care funding.

Under current law, a person who applies for benefits under Wisconsin Works, MA, or the food stamp program must provide, as a condition of eligibility, a declaration of citizenship or satisfactory immigration status. Federal law provides that no federal moneys will be provided to a state for MA expenditures made on

behalf of a person who declares that he or she is a citizen or national of the United States unless the person presents satisfactory documentary evidence of citizenship or nationality. Federal law specifies the documentary evidence that is satisfactory and certain exemptions to the requirement. This bill conforms state law to federal law.

Under the Chronic Disease Program, DHFS currently provides financial assistance for the cost of medical care to persons with chronic kidney disease, cystic fibrosis, and hemophilia.

This bill requires health insurers, self-insured plans, service benefits plans, and pharmacy benefits managers (third parties) to provide to DHFS information from their records to identify persons receiving benefits under the Chronic Disease Program and under Senior Care who are eligible, or would be eligible as dependents, for third-party health care coverage and imposes other requirements on third parties that are similar to those by which third-party liability is determined and enforced under MA.

Under current law, DHFS provides benefits under the federal Food Stamp Program and contracts with DWD for administration of an employment and training program for Food Stamp Program recipients. This bill transfers, administration of the employment and training program for food stamp recipients to DHFS, which may contract with county departments of social services and human services and with tribal governing bodies to administer the program.

Under current law, an individual is ineligible for food stamps in any month in which the individual is not in compliance with various child support enforcement requirements, such as refusing to cooperate with efforts to establish paternity with respect to a child or being delinquent in the payment of child support. This bill removes noncompliance with the child support enforcement requirements as a basis for ineligibility for food stamps.

WISCONSIN WORKS

Currently the Wisconsin Works (W-2) program provides work experience and benefits for low-income custodial parents who are at least 18 years old; job search assistance to noncustodial parents who are required to pay child support, to minor custodial parents, and to pregnant women who are not custodial parents; and child care subsidies for certain parents who need child care services to participate in various educational or work activities. W-2 is administered by DWD, which contracts with W-2 agencies to administer W-2 on the local level.

The work components under W-2, called employment positions, consist of three categories: trial jobs, community service jobs, and transitional placements. A participant in an employment position must search for unsubsidized employment the entire time that he or she is participating in the W-2 employment position. Under current law, DWD is directed to continue the creation and implementation of a subsidized work program.

This bill eliminates the latter directive and requires DWD to conduct and evaluate, from January 1, 2008, to December 31, 2009, a real work, real pay pilot project, limited to 500 participants and conducted in at least one of the areas of the state established for administering the W-2 program that is located in Milwaukee

County and in at least two areas that are not in Milwaukee County. Under the project, a W-2 agency pays a wage subsidy, which may not exceed the federal minimum wage for no more than 30 hours of work per week, to an employer that employs a project participant. The employer is also reimbursed for up to 100 percent of federal social security taxes, state and federal unemployment contributions, and worker's compensation insurance premiums paid on behalf of a participant. An employer that employs a participant and receives a wage subsidy must agree to make a good faith effort to retain the participant as an unsubsidized employee after the wage subsidy ends if the participant successfully completes participation in the pilot project.

Under current law, a person who is eligible for W-2 and who is the custodial parent of a child who is 12 weeks old or less may receive a monthly grant of $673 and may not be required to work in a W-2 employment position. This bill provides that the custodial parent of a child who is 26 weeks old or less may receive the monthly grant and may not be required to work in a W-2 employment position. In addition, the bill provides that an unmarried woman who would be eligible for W-2 except that she is not a custodial parent may also receive a monthly grant of $673 and may not be required to work in a W-2 employment position if she is in the third trimester of a medically verified pregnancy that is at risk and that renders the woman unable to participate in the workforce.

Under W-2, an individual who is the parent of a child under the age of 13 or, if the child is disabled, under the age of 19, is eligible for a child care subsidy if the individual needs child care services to participate in various educational or work activities and satisfies other eligibility criteria, one of which is that the individual's family income may not exceed 185 percent of the poverty line. If an individual is already receiving a child care subsidy, however, family income may be as high as 200 percent of the poverty line. This bill changes these maximum family income levels to 175 percent of the poverty line for an individual who is first applying for a child care subsidy and to 190 percent of the poverty line for an individual who is already receiving a subsidy.

HEALTH

Under current law, DHFS administers a program under which individuals with a human immunodeficiency virus (HIV) infection may be reimbursed for the cost of the drug azidothymidine (AZT) or other cost-effective alternatives. DHFS also administers a program under which individuals with an HIV infection may have their health insurance premiums subsidized if they are on unpaid medical leave, or have had to discontinue their employment or reduce their hours, because of a medical condition arising from or related to the HIV infection.

This bill requires DHFS to conduct a three-year pilot program under which DHFS may pay premiums and copayments for drugs that are eligible for reimbursement under the AZT-reimbursement program, for individuals under the Health Insurance Risk-Sharing Plan (HIRSP), which is the health insurance program that provides major medical health insurance coverage for disabled persons covered under Medicare, persons with HIV, and persons who have been refused coverage in the private health insurance market. The pilot program is limited to 100

individuals at any given time who: 1) are eligible for the AZT-reimbursement program; 2) do not have health insurance coverage; and 3) are not eligible for the health insurance premium subsidy program.

Currently, DHFS administers the Well-Woman Program, under which certain medical services related to breast cancer, cervical cancer, and multiple sclerosis and certain general medical services are provided to underinsured and uninsured women of low income.

This bill requires health insurers, self-insured plans, service benefits plans, and pharmacy benefits managers (third parties) to provide information to DHFS to identify persons receiving benefits under the Well-Woman Program who are eligible, or would be eligible as dependents, for third-party health care coverage and imposes other requirements on third parties that are similar to those by which third-party liability is determined and enforced under MA.

This bill does all of following:

1. Provides that the HIRSP Authority is to be treated as a state agency for all purposes under the Wisconsin Retirement System, including the purpose of providing fringe benefits, such as participation in the pension plan and health insurance coverage, to its employees.

2. Requires the Investment Board, if requested by the HIRSP Authority, to invest funds of the HIRSP Authority in the state investment fund and permits the HIRSP Authority to participate in the local government pooled-investment fund.

3. Allows prescription drugs to be provided under HIRSP by a network of pharmacists and pharmacies that are approved by the HIRSP Authority Board of Directors.

4. Requires payments to providers under HIRSP to consist of usual and customary payment rates instead of the allowable charges for services and articles under MA.

5. Expands eligibility for premium and deductible subsidies to all persons with coverage under HIRSP with incomes below a specified level.

Under current law, DHFS annually assesses hospitals a statewide total of $1,500,000, in proportion to each hospital's respective gross private-pay patient revenues during the hospital's most recent fiscal year. Moneys from the assessments pay for a portion of MA benefits, certain long-term care pilot projects under COP, and services under Family Care. This bill eliminates the current hospital assessments and instead authorizes DHFS to collect an annual assessment on hospitals based on claims. Under the bill, the assessments are based on a rate not to exceed 1 percent of a hospital's gross revenues, as adjusted by DHFS. The assessments are deposited into the health care quality fund, as created in the bill.

Currently, DHFS subsidizes the premium costs for health insurance coverage, except for Medicare premiums, of low-income persons who are unable to continue employment or must reduce employment hours because of illnesses or medical conditions arising from HIV infections. Medicare has separate programs of coverage for hospital care, physicians' services, and prescription drugs. This bill authorizes

DHFS to subsidize the premium costs for Medicare prescription drug coverage for these persons.

This bill requires DHFS to award a grant of at least $167,000 in each fiscal year to an organization for services to consumers and providers of supportive home care and personal care.

LONG-TERM CARE

Under current law, DHFS administers a variety of long-term care programs for people who are aged or have a disability. Under the Community Options Program (COP), Community Options Waiver Program (COP Waiver), and the Community Integration Program for people who are relocated or diverted from nursing homes (CIP II), counties provide community-based long-term care services to persons who are aged or have a physical or developmental disability and qualify for MA. A number of counties have implemented the Family Care program to provide long-term care services for a capitated payment rate and information and referrals related to long-term care options. Finally, in several counties, organizations administer the Wisconsin Partnership Program or the Program for All-Inclusive Care for the Elderly (PACE), capitated payment rate programs to provide both long-term care and acute health care services to elderly people or people with physical disabilities who are eligible for nursing home care.

Current law requires that DHFS obtain approval from JCF before expanding use of capitated rate payment programs to provide long-term care services. This bill eliminates this requirement.

Under the Family Care Program, DHFS contracts with resource centers to provide information to interested individuals regarding long-term care services and to determine eligibility for the family care benefit. DHFS contracts with care management organizations (CMOs) to provide the family care benefit to eligible people for a capitated monthly rate. CMOs must provide a variety of services under the family care benefit including supportive living, personal care, supported employment, and home health services, as well as nursing home and other institutional care.

To be eligible for the family care benefit, a person must be at least 18 years of age; have a physical or developmental disability or a degenerative brain disorder (a qualifying condition); have a long-term or irreversible condition and be in need of ongoing care or require care in order to maintain independence or functional capacity (functional eligibility); and either be eligible for MA or have projected care costs that exceed a specified portion of income and assets (financial eligibility).

Currently, five counties have both a resource center and a CMO, and an additional four counties have only a resource center. Before DHFS contracts with an entity to operate a resource center or a CMO in a county or for a tribe, the county or tribe must appoint a local long-term care council and the council must develop a plan concerning whether and how to implement Family Care. A single entity may not operate both a resource center and a CMO. A county, alone or with other counties, may create a special purpose district called a family care district that is independent of the county to operate either a resource center or a CMO, and a tribe may establish a corporation that is separate from the tribe to operate a resource center or a CMO.

The bill makes the following changes to Family Care:

1. The bill eliminates the requirement that DHFS obtain approval from JCF before entering into a new contract for a resource center or a CMO, and before entering into a contract with a private entity to operate a CMO.

2. The bill eliminates the current requirement that DHFS only make the family care benefit available in areas of the state in which, in the aggregate, not more than 50 percent of the population that is eligible for the family care benefit resides.

3. Currently, only people who are eligible for both the family care benefit and MA are entitled to the family care benefit. By January 1, 2008, DHFS must extend entitlement for the benefit to certain persons who are not MA eligible. The bill requires that a person be eligible for MA to receive the benefit, and thus eliminates the requirement that DHFS extend, by January 1, 2008, entitlement for the benefit to people who are not eligible for MA. The bill provides, however, that people who are not eligible for MA but are receiving the benefit on the date this bill is enacted continue to be eligible for, but not entitled to, the family care benefit.

4. The bill renames a family care district a long-term care district and provides for tribes (acting alone or in conjunction with counties or tribes). The bill allows a long-term care district to operate the Wisconsin Partnership Program or PACE, as long as the district does not also operate a resource center. The bill also modifies membership of long-term care district boards; modifies compensation and benefit provisions for former county employees hired by a long-term care district; specifies that counties are not responsible for providing or paying for services that a long-term care district is required by statute or contract to provide or pay for; and provides for a county or tribe to withdraw or be removed from a long-term care district.

5. Currently, the local long-term care council for a county or tribe is required to review the performance of CMOs, identify gaps in services provided by the CMOs, develop strategies for increasing availability of needed long-term care services, advise the CMOs, monitor coordination between the resource center and CMOs, and perform long-range planning for the long-term care system. The councils must report to DHFS annually on achievements and problems of the local long term-care system. This bill eliminates the councils and assigns some of their duties to the governing boards of resource centers and some to regional long-term care advisory committees, which are created in the bill.

The bill requires governing boards of resource centers to assess the availability and adequacy of long-term care services, review coordination between the resource center and CMOs, monitor complaints and appeals regarding the local long-term care system, and develop strategies for increasing the availability for long-term care services. The governing boards must report their findings to the appropriate regional long-term care committee.

The bill requires DHFS to establish regions for regional long-term care advisory committees. The governing body of each resource center must appoint a number of members specified by DHFS to serve on the appropriate regional long-term care committee. The duties of the committees include evaluating the performance of CMOs and resource centers, monitoring grievances and appeals regarding CMOs, reviewing the utilization of long-term care services, identifying

gaps in the availability of long-term care services, and performing long range planning for the regional long-term care system.

6. The bill eliminates degenerative brain disorder as a qualifying condition for the family care benefit, and instead provides that a person has a qualifying condition if he or she is a "frail elder" (a person who is 65 years of age or older with a physical disability or irreversible dementia that restricts the individual's ability to perform daily tasks or that threatens the capacity to live independently).

7. Currently, a person may be functionally eligible for the family care benefit at one of two levels, comprehensive or intermediate. This bill changes the two levels to nursing home level of care and non-nursing home level of care.

8. The bill allows DHFS to determine by agreement with a county that has a CMO the portion of the county's basic community aids allocation that is used to fund the county's resource center and CMO.

9. The bill provides that counties in which the family care benefit is available or in which the Wisconsin Partnership Program or PACE is operated may use their COP funding to provide mental health or substance abuse services or to provide services under the Family Support Program. Under the Family Support Program, counties provide services to families of children who are disabled to assist the families in caring for the children at home.

Under current law, community-based residential facilities (CBRFs) must assess the financial condition of privately paying clients prior to admission and provide them a statement that includes the estimated date on which the client would deplete his or her financial resources by paying for care in the facility. If that date is less that two years from the date of the statement, the CBRF must refer the client to the county department responsible for administering long-term care programs to assess the person's functional abilities, disabilities, and service needs and review alternatives to institutional care. Counties generally may not use COP, COP Waiver, or CIP II funds to pay for care in a CBRF unless the program recipient underwent such an assessment before he or she entered the CBRF, regardless of whether the recipient entered the CBRF as a privately paying client.

This bill repeals the requirement that CBRFs assess the financial condition of privately paying clients prior to admission and the restriction on using COP, COP Waiver, or CIP II funds to pay for care in a CBRF for a program recipient who did not undergo an assessment of his or her abilities, disabilities, and services needs and a review of alternatives to institutional care before entering the CBRF.

The bill repeals the requirements that adult family homes provide information to prospective residents regarding Family Care resource centers and the family care benefit and refer prospective residents to the resource centers. The bill also repeals the requirement that hospitals refer patients to resource centers before discharging them. Under the bill, CBRFs and residential care apartment complexes must provide information regarding resource centers and the family care benefit to prospective residents and, if a referral is required, refer prospective residents to resource centers when the CBRFs or RCACs first provide the prospective residents written material regarding their facilities. (A residential care apartment complex consists of independent apartments, each of which has in individual lockable

entrance and exit, a kitchen with a stove, and individual bathroom, sleeping, and living areas, and provides to a resident not more than 28 hours per week of supportive, personal, and nursing services.) Also, in counties that do not have resource centers, CBRFs must refer certain prospective residents who are aged or have a physical or developmental disability to the county department responsible for administering long-term care programs, and the county department must offer the prospective resident counseling concerning public and private long-term care benefit programs.

Under current law, intermediate care facilities for the mentally retarded (ICF-MRs) must pay the state an assessment of $445 per month for each licensed bed. Federal law provides for a reduction in federal funding for MA if the state collects an amount in ICF-MR bed assessments that exceeds a specified portion of the aggregate revenues of all ICF-MRs in the state.

This bill directs DHFS annually to set the monthly per bed assessment amount at 5.5 percent of the projected aggregate annual revenues for ICF-MRs in the state divided by the number of licensed ICF-MR beds and by 12 months. DHFS may reduce the assessment amount during any fiscal year to avoid collecting an amount during that year that exceeds 5.5 percent of ICF-MR aggregate revenues.

Under current law, nursing homes must pay the state an assessment on each licensed bed that may not exceed $75. This bill raises that maximum amount for the nursing home bed assessment to $127.

Under current law, the maximum number of licensed nursing home beds statewide is 51,795. A nursing home may transfer a licensed bed to another nursing home only under certain conditions. This bill reduces the statewide licensed nursing home bed cap to 42,000 beds and provides that when a licensed bed is transferred, the receiving nursing home must be in the same bed allocation area, as determined by DHFS, or in an adjoining area.

Under current law, DHFS may approve a temporary reduction in the number of beds licensed for a nursing home if the nursing home's occupancy rate falls below the minimum per patient day occupancy standard established by DHFS. If the nursing home does not resume licensure of the affected beds, DHFS must incrementally revoke the license for the beds. This bill repeals the authority of DHFS to reduce temporarily a nursing home's number of licensed beds.

This bill requires health insurers, self-insured plans, service benefits plans, and pharmacy benefits managers (third parties) to provide to DHFS information from their records to enable DHFS to identify persons receiving benefits under Family Care who are eligible, or would be eligible as dependents, for third-party health care coverage and imposes other requirements on third parties that are similar to those by which third-party liability is determined and enforced under MA.

This bill requires DHFS to seek any waivers from federal MA laws that are necessary to implement, in at least three pilot sites, an MA Program under managed care for the long-term care of children with disabilities. The bill also requires DHFS to award moneys in both years of the fiscal biennium for technical assistance and

planning services in support of family-centered managed care for children with long-term support needs.

Under current law, the long-term care ombudsman may enter, without notice, and have access to clients and residents of a nursing home, a CBRF, a place in which care is provided under a continuing care contract, a swing bed in an acute care or extended care facility, or an adult family home (a long-term care facility). The ombudsman may communicate in private with a client or resident, review records with consent of the client or resident or his or her legal counsel, and have access to records of the long-term care facility or of DHFS concerning regulation of the long-term care facility. Current law specifies the rights of residents of nursing homes and CBRFs, including the rights to have private and unrestricted communication with others, to present grievances without justifiable fear of reprisal, and to be fully informed of all services, charges for services, and changes in service. Current law authorizes the Board on Aging and Long-Term Care to contract to provide advocacy services to potential or actual recipients of the Family Care Program, or their families or guardians.

This bill expands the definition of a long-term care facility, for purposes of activities by the long-term care ombudsman, to include residential care apartment complexes. The bill provides that residents of residential care apartment complexes are entitled to the same rights as residents of nursing homes and CBRFs. The bill authorizes the Board on Aging and Long-Term Care to employ staff within the classified service to provide advocacy services to Family Care recipients or potential recipients, their families, and guardians.

OTHER HEALTH AND HUMAN SERVICES

Currently, DHFS awards grants to prevent, reduce, or cease tobacco use. This bill establishes the health care quality fund. The fund consists of moneys derived from the increase in cigarette and other tobacco products taxes, moneys transferred from the permanent endowment fund, and moneys from certain other sources. Under the bill, moneys in the health care quality fund are used to fund, in part, tobacco use control programs and for health care quality and patient safety information.

Under current law, DHFS may recover incorrect payments made for health care services under MA that resulted from certain action or inaction by an applicant or recipient. If DHFS provides medical assistance to a person as a result of, for example, an injury that was caused by a third party, DHFS may recover from the third party the amount of the medical assistance provided. Also under current law, if an individual who is obligated to pay support (court-ordered child or family support or maintenance) has an overdue support obligation because of a failure to pay, his or her name, social security number, and amount of overdue support is posted on a statewide support lien docket.

This bill requires every insurer authorized to do business in this state, before paying a claim of $500 or more, to verify with DHFS that the individual to whom the claim is to be paid does not have a medical assistance liability (an amount of medical assistance paid incorrectly under MA or that DHFS may recover from a third party) and to check the statewide support lien docket to ensure that the individual does not

have an overdue support obligation. If the individual has an overdue support obligation or a medical assistance liability, the insurer must pay the claim proceeds, up to the amount of the overdue obligation or liability, to DWD or DHFS before paying the individual any claim proceeds that remain.

This bill increases the fees that the state registrar or a local registrar must charge for issuing a copy of a certificate of birth, death, divorce or annulment, or marriage (vital record); for verifying information about the event without issuing a copy; for issuing an additional copy of the same vital record at the same time, for expedited service; and for searching vital records under certain circumstances. Of the fees charged for certain birth certificates and copies, a portion is used by the Child Abuse and Neglect Prevention Board (CANPB) for expenses, for certain statewide projects, for the Family Resource Center Grant Program, and for technical assistance to organizations. This bill increases the portion used by CANPB.

The bill requires local registrars to forward to the secretary of administration 60 percent of all revenue generated by fee increases for the issuance of copies of vital records, other than divorce records. From these moneys, DHFS must distribute $950,000 in each fiscal year for domestic abuse services, $250,000 in each fiscal year to Milwaukee County for gender-responsive alcohol and other drug abuse services and other services to drug dependent women with children, $50,000 in each fiscal year to Milwaukee County for services to aid youth in transferring from foster care to independent living, and $500,000 in each fiscal year for comprehensive early childhood initiatives in Dane County for low-income families.

The bill also increases fees the state registrar must charge for making amendments to birth records without a court order; making court-ordered corrections to birth certificates; making any change in a birth certificate, such as acknowledgment of paternity; making court-ordered name changes; and for registering certain new or corrected vital records, and late registration of birth certificates.

This bill creates a health care quality and patient safety council, attached to DHFS, to consider the most cost-effective means of implementing a statewide integrated or interoperable health care information system.

Under current law, WHEFA provides financial assistance to health facilities and participating health institutions. This bill prohibits WHEFA from providing such assistance unless the health facility or institution demonstrates progress in improving medical information systems technology.

This bill increases from $35 to $65 the annual fee that a person who is obligated to pay child or family support must pay to DWD for receiving and disbursing the child support funds. This bill also requires DWD to collect an annual fee of $25 from a person who receives child or family support.

Under current law, DHFS distributes community aids to counties to provide social, mental health, developmental disabilities, and alcohol and other drug abuse services. This bill eliminates the current requirement that each county, before December 1 of each year, submit to DHFS a proposed budget for the expenditure of the community aids allocated to that county.

Currently, the Council on Developmental Disabilities, attached to DHFS, performs numerous duties, including developing, approving, and continuing modification of the statewide plan for delivery of services to individuals with developmental disabilities. The council is funded, in part, by a federal grant. This bill transfers the council to DOA and requires DHFS to ensure that the matching funds requirement under the federal grant is met.

Currently, DHFS makes loans to nonprofit organizations to establish housing programs for individuals who are recovering from alcohol or other drug abuse. This bill eliminates these loans.

INSURANCE

This bill creates the Healthy Wisconsin Authority (HWA), which is a public body corporate and politic with a board of directors that is created by state law but that is not a state agency. The board of directors consists of the commissioner of insurance, or the commissioner's designee, and 13 other members who serve four-year terms. HWA is treated like a state agency with respect to the open records and open meetings laws; the law regulating lobbying; state purchasing requirements; exemption from income tax, sales and use tax, and property taxes; the Code of Ethics for Public Officials and Employees; all purposes under the Wisconsin Retirement System; and auditing by the Legislative Audit Bureau. HWA is unlike a state agency in that it may approve its own budget; its employees are not state employees; and it is not subject to statutory rule-making procedures.

The bill directs HWA to study options and develop recommendations for providing reinsurance to groups and individuals for catastrophic claims under health insurance policies. HWA must develop and administer any reinsurance program for which legislation is enacted that authorizes or requires HWA to do so and may explore other ways to lower health care costs, including considering options for comprehensive health care reform.

Under current law, a group health insurance policy that covers any inpatient hospital treatment must cover at least 30 days or, generally, $7,000 of inpatient hospital treatment of nervous and mental disorders and alcoholism and other drug abuse problems. If a group health insurance policy covers any outpatient treatment, it must cover at least, generally, $2,000 of outpatient treatment of nervous and mental disorders and alcoholism and other drug abuse problems. If a group health insurance policy covers any inpatient hospital or outpatient treatment, it must cover at least, generally, $3,000 of transitional treatment (services, specified by the commissioner of insurance, that are provided in a less restrictive manner than inpatient services but in a more intensive manner than outpatient services) of nervous and mental disorders and alcoholism and other drug abuse problems. If a group health insurance policy covers both inpatient and outpatient hospital services, the total coverage for all types of treatment for nervous and mental disorders and alcoholism and other drug abuse problems need not exceed, generally, $7,000 in a policy year.

This bill increases the minimum amounts of coverage that must be provided for the treatment of nervous and mental disorders and alcoholism and other drug abuse

problems on the basis of the change in the consumer price index for medical services since the current coverage amounts were enacted in 1985 and 1992.

Excluding limited-scope benefit plans, medicare replacement or supplement policies, long-term care policies, and policies covering only certain specified diseases, this bill requires health insurance policies and self-insured governmental and school district health plans to cover up to four hours per month of treatment for autism, Asperger's syndrome, and pervasive developmental disorder not otherwise specified if the treatment is provided by a psychiatrist, a psychologist, or a social worker who is certified or licensed to practice psychotherapy. The coverage requirement applies to both individual and group health insurance policies and may be subject to any limitations or exclusions or cost-sharing provisions that apply generally under the policy or plan.

Under current law, an insurer may not restrict or terminate coverage for chiropractic treatment under a health insurance policy that covers chiropractic treatment except on the basis of an independent evaluation. If the insurer restricts or terminates a patient's coverage for chiropractic treatment and the patient then becomes liable for payment of the treatment, the insurer must provide to the patient and the treating chiropractor a written statement that includes a reasonable explanation of the factual basis for the restriction or termination of coverage.

Under this bill, the written statement must provide a detailed, rather than merely reasonable, explanation of the clinical rationale, rather than the factual basis, for the restriction or termination of coverage. Also, if an insurer restricts or terminates an insured's coverage for treatment, not limited to chiropractic treatment, and as a result the insured becomes liable for all of the cost of the treatment, the insurer must provide on the explanation of benefits form a detailed explanation of the clinical rationale and the basis in the policy or applicable law for the restriction or termination of coverage.

Current law does not regulate the use of current procedural terminology codes (numbers on a health insurance claim form that indicate the services that a health care provider performed). This bill requires an insurer who changes the current procedural terminology code that the health care provider put on the health insurance claim form to include on the explanation of benefits form the reason for the change and to cite the source for the change.

Under current law, certain health care providers are required to carry health care liability insurance with liability limits of at least $1,000,000 for each occurrence and at least $3,000,000 for all occurrences in a policy year. Any portion of a medical malpractice claim against a health care provider subject to the health care liability insurance requirements that exceeds the policy limits of the health care provider's health care liability insurance is paid from the injured patients and families compensation fund. Moneys in the fund come from annual assessments paid by the health care providers who are subject to the health care liability insurance requirements. This bill transfers $175,000,000 in fiscal year 2007-08 from the injured patients and families compensation fund to the health care quality fund created in the bill.

JUSTICE

This bill authorizes DOJ to bring an action for injunctive or other equitable relief against a person who interferes with the exercise or enjoyment by an individual of a right secured by the constitution or laws of this state or of the United States.

Currently, under the Crime Victim Compensation Program, DOJ must compensate victims of certain crimes for expenses that result from the victim's injury or death. DOJ may not compensate a victim who has not cooperated with appropriate law enforcement agencies. Any compensation that DOJ provides must be reduced by any insurance payments received as a result of the crime.

This bill creates the Sexual Assault Forensic Examination Program, under which a health care provider who examines a victim of a sex offense is compensated by DOJ for the costs of the examination, any procedure that tests for or prevents a sexually transmitted disease, and any medication to prevent or treat a sexually transmitted disease (examination costs). If the victim does not authorize the health care provider to seek payment from insurance or another program, DOJ must compensate the health care provider for the examination costs, regardless of whether the victim cooperates with a law enforcement agency. If the victim does authorize the health care provider to seek payment from insurance or another program, DOJ must compensate the health care provider for the examination costs, reduced by any payment from insurance or another program, only if the victim refuses to cooperate with a law enforcement agency.

Under current law, most people who are ordered by a state or municipal court to pay a fine or forfeiture must also pay a penalty surcharge equal to 26 percent of the fine or forfeiture. The penalty surcharges are used by DOJ to fund a variety of activities, services, and equipment, including training for law enforcement and correctional officers, enforcement of drug laws, services for crime victims, and information systems for law enforcement. This bill increases the penalty surcharge to 27 percent of fines or forfeitures.

Under current law, a firearms dealer must request that DOJ perform a firearms restrictions record search on a handgun purchaser before the dealer may complete a sale of a handgun to the purchaser. DOJ charges firearms dealers $8 for each record search and uses the fees for the administrative costs of conducting records searches. This bill increases the firearms restrictions record search fee to $30 and provides that, in addition to using the fees for record search administrative costs, DOJ may use the fees to fund the same activities, services, and equipment that are funded with penalty surcharges.

LOCAL GOVERNMENT

Until January 1, 2007, the law prohibited a political subdivision (any city, village, town, or county) from increasing its levy by a percentage that exceeded its valuation factor, which was the percentage change in the political subdivision's equalized value due to new construction, less improvements removed, but not less than 2 percent. In addition, the calculation of a political subdivision's levy did not include any tax increment generated by a tax incremental district.

The law contained a number of exceptions to the levy limit, such as for the transfer of the provision of services, for cities or villages that annexed town territory, and for certain debt service payments.

A political subdivision's levy limit could be increased if the amount of debt service in the current year exceeded the amount in the prior year for debt that was approved by the governing body before July 1, 2005. If a political subdivision exceeded the levy limit, DOR was required to reduce the political subdivision's local aid payments by the amount of the excess.

This bill reinstates the levy limit for the 2007 and 2008 levies and modifies the calculation of the limit. The bill changes the definition of "valuation factor" to be the greater of either 4 percent or the percentage change in the political subdivision's equalized value due to new construction, less improvements removed. The bill also creates several new exceptions to the levy limit, including levies for certain bridge and culvert construction and repairs; certain levies related to jointly provided fire protection services; and county levies for payments to adjacent counties for library services.

Under the bill, DOR may not reduce a political subdivision's aid payments unless the amount of the excess levy is at least $500, but if the amount exceeds a political subdivision's aid payments in the following year, DOR must reduce local aid payments in future years until the amount is fully deducted. Also under the bill, a political subdivision is not penalized for an excess levy if DOR determines that the excess is directly caused by DOR assessment errors or because of an error in preparing or delivering the tax roll by the taxation district clerk or county clerk.

This bill authorizes a county with a population of 500,000 or more (currently only Milwaukee County) to issue appropriation bonds on a one-time basis to pay all or part of the county's unfunded prior service liability with respect to an employee retirement system of the county. Appropriation bonds are any bond, note, or other obligation of a county issued as provided in the bill to evidence the county's obligation to repay borrowed money that is payable from various sources.

Before the county may issue appropriation bonds, the county must enact an ordinance to implement a five-year strategic and financial plan related to the payment of unfunded employee retirement benefits. The financial plan must provide that future annual pension liabilities are funded on a current basis and must contain quantifiable benchmarks to measure compliance with the plan.

The bill states that the county is not generally liable for appropriation bonds, and appropriation bonds are not a debt of the county for any purpose. The principal and the interest on the bonds are payable only from amounts that the county board may appropriate.

Under the current Expenditure Restraint Program, the state provides an annual aid payment to any municipality that has a property tax rate greater than five mills and that limits the growth of its municipal budget according to a formula based on 60 percent of the percentage change in the equalized assessed value of new construction located in the municipality and on the rate of inflation.

This bill eliminates the Expenditure Restraint Program and replaces it with the Municipal Levy Restraint Program. Under the Municipal Levy Restraint

Program, the state provides annual aid payments, beginning in 2009, to any municipality that has a property tax rate greater than five mills and that limits its property tax levy to an amount that is no greater than the maximum allowable levy according to a formula that is based on 60 percent of the percentage change in the equalized assessed value of new construction located in the region in which the municipality is located and on the rate of inflation.

The bill also creates the County Levy Restraint Program, under which the state provides annual aid payments, beginning in 2009, to any county that limits its property tax levy to an amount that is no greater than the maximum allowable levy according to a formula that is based on 60 percent of the percentage change in the equalized assessed value of new construction located in the county and on the rate of inflation.

This bill increases the total amount of county and municipal aid to be distributed in 2008 by $15,000,000 over the total amount of aid distributed in 2007. Each county and municipality receives an increased payment in proportion to its share of total county and municipal aid payments in 2007. In 2009 and subsequent years, the amount of each county's and municipality's payment is the same as the amount of its payment in 2008.

Under current law, no city or village may annex town territory that is located in a county with a population of at least 50,000 people unless DOA reviews the proposed annexation and offers an opinion as to whether the annexation is in the public interest. The city or village must review DOA's advice before taking final action on the proposed annexation. This bill requires DOA review in all counties.

Generally, under current law, the Milwaukee Metropolitan Sewerage District (MMSD) must award all contracts for all work done and all purchases of supplies and materials to the lowest responsible bidder.

This bill authorizes MMSD to let one contract for public construction that may be only for the construction of a deep tunnel pump station using the design-build construction process. This process is defined as a project delivery and procurement process for the design, construction, repair, renovation, installation, or demolition of a public works project under which a single entity is responsible for the professional design services and construction services related to the project. MMSD must submit to DNR performance objectives and preliminary designs for the design-build project, rather than the completed plans required under current law.

Generally, under current law, the governing body of a political subdivision may, by a two-thirds vote of its members, enact an ordinance or adopt a resolution declaring itself to be a premier resort area if at least 40 percent of the equalized assessed value of the taxable property within the political subdivision is used by "tourism-related retailers," as defined in a manual that is published by the U.S. Office of Management and Budget. The definition covers 21 types of retailers, including variety stores, dairy product stores, gasoline service stations, eating and drinking places, and hotels and motels.

A premier resort area may impose a tax at a rate of 0.5 percent of the gross receipts from the sale, lease, or rental of goods or services that are subject to the general sales and use tax and are sold by tourism-related retailers. The proceeds

of the tax may be used only to pay for infrastructure expenses within the jurisdiction of the premier resort area, including the costs related to parking lots, transportation facilities, sewer and water facilities, recreational facilities, fire fighting equipment, and police vehicles.

The city of Eagle River, the city of Bayfield, the village of Ephraim, and the village of Sister Bay are currently authorized to enact an ordinance or adopt a resolution to become a premier resort area even though none meet the requirement that at least 40 percent of the equalized assessed value of the taxable property be used by tourism-related retailers.

This bill allows the common council of a first class city (presently only Milwaukee) to declare a specified area of the city a premier resort area even if the specified area does not meet the requirement that at least 40 percent of the equalized assessed value of the taxable property within the specified area be used by tourism-related retailers. The area must be contiguous, may not exceed four square miles, and must correspond to nine-digit zip code areas.

Under current law, a law enforcement officer or fire fighter employed by a city (other than a first class city), village, town or county may not be suspended, reduced in rank, suspended and reduced in rank, or dismissed by a grievance committee, civil service commission, county board, or board of police and fire commissioners (tribunal) unless the tribunal determines that there is just cause to sustain the charges that have been brought against the officer or fire fighter. If the charges are sustained and the officer or fire fighter is disciplined by the tribunal, he or she may appeal the order to circuit court, except that a county law enforcement officer, under a recent decision of the Wisconsin Supreme Court, may proceed either with an appeal to circuit court or with the grievance procedures, including arbitration, in the officer's collective bargaining agreement. The trial based on the appeal is before the court, which must determine whether there is just cause to sustain the charges against the accused officer or fire fighter and the tribunal's order. If the charges and the tribunal's order are sustained, the tribunal's order is final and conclusive but, if reversed, the officer or fire fighter is reinstated and entitled to pay as though he or she were in continuous service. Similar procedures, other than the just cause standard, apply to police officers employed by a first class city.

Under this bill, in a city, village, or town, if an accused officer or fire fighter is subject to the terms of a collective bargaining agreement that provides an alternative to the circuit court appeal procedure, the officer or fire fighter may choose to use the alternative procedure in the collective bargaining agreement instead of appealing to a circuit court. If the alternative procedure includes a hearing, the hearing must be open to the public. An accused officer or fire fighter who chooses the alternative procedure is considered to have waived his or her right to circuit court review of the tribunal's decision. These provisions do not apply to police officers or fire fighters employed by a first class city.

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of

rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development.

Also under current law, once a TID has been created, DOR calculates the tax increment base value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a value increment is created. That portion of taxes collected on the value increment in excess of the base value is called a tax increment. The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city or village, include the costs of public works, such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created.

This bill authorizes a first class city to extend the life of a TID created by the city for up to 12 months after all of the TID's project costs have been paid. Under the bill, DOR must continue to authorize the allocation of tax increments for the TID as if its project costs had not been paid off, even if the TID would otherwise be required to terminate. The city may use up to 75 percent of the increments received during the TID's extended life to benefit affordable housing in the city. The remainder of the increments must be used to improve the quality of the city's existing housing stock.

Under current law, a city or village may create a redevelopment authority, which is a separate and distinct public body. A redevelopment authority may enter into any building or property in a project area (a blighted area that the city or village declares to be in need of blight elimination and urban renewal) to make inspections, surveys, appraisals, soundings, or test borings, and obtain a court order for these purposes if entry is denied or resisted (inspection rights).

This bill allows a redevelopment authority to use its inspection rights on any blighted property located in the city or village regardless of whether the blighted property is in a project area.

This bill provides that any person who knowingly presents or causes to be presented a false claim under any contract or order for materials, supplies, equipment, or contractual services to be provided to a local governmental unit is subject to a forfeiture of not less than $5,000 and not more than $10,000, plus three times the amount of the damages that were sustained by the local governmental unit or would have been sustained by the local governmental unit, whichever is greater, as a result of the false claim. The bill permits the attorney general to bring an action on behalf of the local governmental unit to recover any forfeiture for which a contractor or vendor is liable as a result of a false claim submitted to a local governmental unit.

NATURAL RESOURCES

FISH, GAME, AND WILDLIFE

This bill increases the fee for a resident elk hunting license issued by DNR from $46.25 to $72.25, the fee for a nonresident elk hunting license from $248.25 to

$397.25, and the processing fee for both a resident and a nonresident elk hunting license from $2.75 to $9.75.

This bill authorizes DNR to issue an annual shovelnose sturgeon permit authorizing the permit holder to harvest shovelnose sturgeon and their eggs.

RECREATION

Under current law, with certain exceptions, no person may operate a boat in the waters of this state unless the boat is covered by a certificate of number and a registration. This bill increases the certificate of number fees applicable to boats of a certain size and the certificate of number fee for nonmotorized sailboats. The bill also increases the registration fee for certain nonmotorized boats.

Under current law, DNR administers safety education programs for boat, all-terrain vehicle, and snowmobile users; hunters; and trappers. DNR issues a certificate showing completion of the course to each successful participant. Current law authorizes DNR to charge a fee for the issuance of a duplicate certificate showing completion of the hunter education programs. This bill authorizes DNR to charge a fee for the issuance of a duplicate certificate showing completion of the boating, all-terrain vehicle, or snowmobile safety program.

STEWARDSHIP PROGRAM

Current law authorizes the state to incur public debt by issuing bonds for various conservation activities under the Warren Knowles-Gaylord Nelson Stewardship 2000 Program, which DNR administers. The state is currently authorized to bond under two of the stewardship program's subprograms: the land acquisition subprogram and the property development and local assistance subprogram. Bonding under the land acquisition subprogram may generally be for land acquisition for habitat and natural areas and land acquisition that preserves or enhances the state's water resources. Bonding under the property development and local acquisition subprogram may generally be used only for nature-based outdoor recreation. Under this subprogram, DNR may award grants or state aid to certain local governmental units, including the Kickapoo Reserve Management Board, and nonprofit conservation organizations to acquire lands or development rights for nature-based, outdoor recreation purposes. The annual limits on bonding are set for each fiscal year, ending in fiscal year 2009-10. The total bonding authority for the stewardship program under current law is $572,000,000.

This bill increases the total bonding authority by $1,050,000,000, and extends the stewardship program for another ten years to fiscal year 2019-20 with the annual bonding authority set at $105,000,000 for each of the subsequent ten years. The annual bonding authority for the land acquisition subprogram and for the local assistance and property development subprogram are set at $79,000,000 and $26,000,000 respectively.

Within the property development and local assistance subprogram, current law imposes an annual limit of $8,000,000 in bonding authority for the local assistance component. This bill raises this limit to $14,000,000 beginning with fiscal year 2010-11.

beginning with fiscal year 2010-11,

The bill also establishes a matching grant program under which the state awards counties 50 percent of their costs to acquire land for activities such as hunting, fishing, hiking, bicycling, wildlife observation, and camping.

Finally, the bill requires DNR to set aside from the land acquisition program $14,500,000 in each fiscal year, beginning in fiscal year 2010-11, for matching grants that may be awarded only to nonprofit conservation organizations. Under current law and under the bill, these grants must be used to acquire property or property rights for conservation purposes such as urban green space, habitat areas, and bluff protection. Under current law, the amount of the grant may not exceed 50 percent of the acquisition cost. This bill allows the natural resources board to increase this amount up to 75 percent in certain situations.

OTHER NATURAL RESOURCES

This bill creates a five-member Managed Forest Land Board in DNR to award grants to cities, villages, towns, counties, DNR, and nonprofit conservation organizations to acquire land for outdoor recreation activities consisting of hunting, fishing, hiking, sightseeing, and cross-country skiing. The grants are funded from a portion of the payments made by certain land owners in lieu of property taxes.

Under current law, DNR awards cost-sharing grants for projects to control invasive species that cause economic or environmental harm or harm to human health. A certain amount is allocated for cost-sharing grants to local governmental units to control aquatic invasive species. Under this bill, any public or private entity is eligible for such a grant. Currently, the amount of a grant may not exceed 50 percent of the cost of the project. This bill raises this cap to 75 percent.

Current law imposes penalties for violations of certain laws relating to controlling or introducing certain invasive species, but not for others. This bill creates penalties for those species for which there is no penalty under current law. The bill also authorizes a court to order additional remedies, such as requiring the violator to restore any natural resources damaged by the violation or to pay for investigation costs and attorney fees.

Current law provides a procedure for enforcement proceedings for violations of laws that relate to hunting, fishing, operating snowmobiles and all-terrain vehicles, and other conservation and environmental laws administered by DNR. This procedure applies only to violations of these laws that are punishable by payment of a civil forfeiture and not by payment of a fine or by imprisonment. Under the procedure, a law enforcement officer may initiate a proceeding by issuing a written citation or a district attorney may initiate a proceeding in court by issuing a complaint and summons.

This bill authorizes officers enforcing these laws to use an electronic format for filling out and issuing the citations. The bill also eliminates a requirement that a statement of probable cause be included in a citation.

RETIREMENT AND GROUP INSURANCE

The Group Insurance Board currently offers health care coverage plans for state employees, local government employees, school district employees, and annuitants under the Wisconsin Retirement System (WRS). This bill provides that

domestic partners of state employees and state annuitants may receive coverage under these health care coverage plans. A domestic partner is an individual who is in a relationship with another individual that satisfies all of the following:

1. Each individual is at least 18 years old and otherwise competent to enter into a contract.

2. Neither individual is married to, or in a domestic partnership with, another individual.

3. The two individuals are not related by blood in any way that would prohibit marriage under current law.

4. The two individuals consider themselves to be members of each other's immediate family.

5. The two individuals agree to be responsible for each other's basic living expenses.

The state currently pays employer contributions toward health insurance premiums for most state employees beginning on the first day of the seventh month after the employee begins state employment. This bill changes the date to the first day of the third month after the employee begins state employment, beginning on July 1, 2008, for all state employees other than limited term appointments.

This bill increases WRS benefits provided to an "educational support personnel employee" who is a school district employee other than a teacher, librarian, or administrator. The bill makes the following changes to the WRS:

1. Under current law, to become covered under the WRS, an individual must work at least one-third of what is considered full-time employment, as determined by DETF. For all WRS participants, other than teachers, librarians, and administrators, DETF defines full-time employment to be 1,904 hours per year and one-third employment to be 600 hours per year. In contrast, for teachers, librarians, and administrators, DETF defines full-time employment to be 1,320 hours per year and one-third employment to be 440 hours per year. This bill requires that educational support personnel employees must be treated the same in terms of qualifying for coverage under the WRS as teachers, librarians, and administrators.

2. Under current law, one method to determine the initial amount of a WRS annuity is to use a retirement formula the variables of which are a participant's years of service, formula multiplier, and final average earnings. This bill provides that the final average earnings of an educational support personnel employee are increased by 25 percent for the purpose of determining the initial amount of a WRS retirement annuity.

STATE GOVERNMENT

STATE EMPLOYMENT

This bill makes the following reassignments in the state civil service executive salary group (ESG) ranges: the secretary of corrections is reassigned from ESG 6 to ESG 8; the governor's chief of staff is reassigned from ESG 4 to ESG 6; the secretary of health and family services is reassigned from ESG 9 to ESG 8; the secretary of workforce development is reassigned from ESG 6 to ESG 7; the secretary of regulation and licensing is reassigned from ESG 4 to ESG 6; the adjutant general in

from ESG 5 to ESG 6; and the public service commissioners are reassigned from ESG 5 to ESG 6. The bill further provides that the salaries for certain division administrators and bureau directors in DRL may not exceed the maximum of the salary range for ESG 3. Currently, the salary maximum is capped at ESG 1.

STATE FINANCE

Currently, the Building Commission may enter into agreements and ancillary arrangements relating to public debt and state obligations. This bill provides that at the time of entering into such an agreement or ancillary arrangement, or in anticipation thereof, the commission must determine, if applicable, whether the payment will be deposited into, and whether the payment will be made from, the bond security and redemption fund or the capital improvement fund.

The bill also establishes a number of conditions relating to interest exchange agreements. These include all of the following:

1. The Building Commission must contract with an independent financial consulting firm to determine if the terms and conditions of the agreement reflect fair market value as of the date of the execution of the agreement.

2. The interest exchange agreement must identify by maturity, bond issue, or bond purpose the debt or obligation to which the agreement is related.

3. The resolution authorizing the Building Commission to enter into an interest exchange agreement must require that the terms and conditions of the agreement reflect fair market value as of the date of execution of the agreement, as reflected by the determination of an independent financial consulting firm.

4. Finally, the Building Commission must establish guidelines relating to the conditions under which the Building Commission may enter into the agreements; the form and content of the agreements; the aspects of risk exposure associated with the agreements; the standards and procedures for counterparty selection; the standards for the procurement of, and the setting aside of reserves, if any, in connection with the agreements; the provisions, if any, for collateralization or other requirements for securing any counterparty's obligations under the agreements; and a system for financial monitoring and periodic assessment of the agreements.

The bill further requires that the terms and conditions of an interest exchange agreement must generally not result in aggregate expected debt service and net exchange payments relating to the agreement in the fiscal year in which the trade is executed being less than those payments that would be payable in that fiscal year if the agreement is not executed; and in aggregate expected debt service and net exchange payments relating to the agreement in subsequent fiscal years exceeding those payments that would be payable in those fiscal years if the agreement is not executed.

The bill requires DOA to issue a semiannual report that includes a description of each agreement; an accounting of amounts that were required to be paid and received on each agreement; any credit enhancement, liquidity facility, or reserves, including an accounting of the costs and expenses incurred by the state; a description of the counterparty to each agreement; and a description of the counterparty risk, the termination risk, and other risks associated with each agreement.

Under current law, the Building Commission may issue revenue bonds for major highway projects and transportation administrative facilities. DOT may deposit in a special trust fund vehicle registration fee revenues and other revenues pledged for the repayment of these revenue bonds. Moneys pledged in excess of the amount needed for repayment of these revenue bonds are transferred back to the transportation fund, free of any pledged.

This bill allows DOT to deposit in this trust fund revenues received under an interest exchange agreement and to make payments under an interest exchange agreement, and excludes these amounts from the limit on revenue bonding.

Under the Clean Water Fund Program, the state provides loans to municipalities for projects to control water pollution, including sewage treatment plants. The program is funded from loan repayments, federal grants, state general obligation bonds, and state revenue bonds. The Building Commission may issue revenue bonds for the Clean Water Fund Program in an amount that does not exceed $1,615,955,000. In addition, the Department of Commerce currently administers a program to reimburse owners of certain petroleum storage tanks for a portion of the costs of cleaning up discharges from those tanks. This program, commonly known as PECFA, is funded from the petroleum inspection fee and state revenue bonds. The Building Commission may issue revenue bonds for PECFA in an amount that does not exceed $436,000,000.

This bill permits the Building Commission to make payments under an agreement or ancillary arrangement with respect to revenue bonds issued for the funding of these two programs.

The bill requires the secretary of administration to lapse to the general fund or transfer to the general fund from the unencumbered balances of state operations appropriations, other than sum sufficient appropriations and appropriations of federal revenues, an amount equal to $40,000,000 during each fiscal year of the 2007-09 and 2009-11 fiscal biennia.

Current law requires the State of Wisconsin Investment Board (SWIB) to estimate its operating expenses semi-annually and to assess each fund it manages for its share of the expenses in an equitable manner. SWIB's assessment may not exceed the greater of $20,352,800 or 0.0275 percent of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the preceding fiscal year.

This bill requires SWIB, annually on September 1, to assess each such fund for its share of SWIB's operating expenses for the current fiscal year and caps the assessment at the greater of the amount that SWIB could have assessed the funds in the second year of the prior fiscal biennium or 0.0325 percent of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the preceding fiscal year.

Current statutes contain a rule of proceeding governing legislative action on certain bills that provides that no bill directly or indirectly affecting general purpose revenues (GPR) may be adopted if the bill would cause the estimated general fund balance on June 30 of any fiscal year to be less than a certain amount of the total GPR appropriations for that fiscal year. For fiscal year 2007-08, the amount is

$65,000,000; for fiscal year 2008-09, the amount is $65,000,000; and for each fiscal year thereafter, the amount is 2 percent of total GPR appropriations for that fiscal year.

This bill provides that for fiscal years 2007-08 to 2010-11, the amount is $130,000,000; and for fiscal year 2011-12 and each fiscal year thereafter, the amount is 2 percent of total GPR appropriations for that fiscal year.

Currently, every fiscal biennium, one-third of all state agencies prepare a base budget review report that contains a description of each programmatic activity of the state agency; an accounting of all expenditures in each of the prior three fiscal years, arranged by revenue source and expenditure category for that state agency; and, for each programmatic activity of the state agency, an accounting of all expenditures, arranged by revenue source and expenditure category in the last two quarters in each of the prior three fiscal years. This bill eliminates the report.

PUBLIC UTILITY REGULATION

Under current law, the PSC must require certain telecommunications providers to make contributions to the universal service fund, which is used for promoting universal telecommunications service and for other specified purposes. The PSC must designate the method for calculating the required contributions. However, current law prohibits the PSC from requiring the telecommunications providers to contribute, in the aggregate, more than $6,000,000 per fiscal year for promoting universal telecommunications service. This bill eliminates the foregoing prohibition.

Under current law, the PSC has oversight duties with respect to certain energy efficiency and renewable resource programs that are established and funded by investor-owned electric and natural gas utilities. Current law requires the utilities to spend a specified percentage of their annual operating revenues on the programs, as well as on other related programs. The utilities must contract with persons to administer the programs.

This bill uses moneys in the utility public benefits fund (fund) to pay the costs incurred by the PSC in carrying out its oversight duties described above. In each fiscal year, the PSC must collect, for deposit in the fund, each utility's share, as determined by the PSC, of the PSC's oversight costs. The bill requires the PSC to collect these amounts from the persons with whom the utilities contract to administer the programs. The amount that the PSC collects with respect to a utility is included in determining whether the utility has spent the required percentage of its annual operating revenues. (The bill does not change the percentage.) The bill also transfers employees from DOA to the PSC to carry out the oversight duties.

OTHER STATE GOVERNMENT

Under current law, DOA performs information technology services for agencies and may charge agencies for these services. This bill authorizes DOA to implement an integrated business information system (IBIS) capable of providing information technology services to all agencies and authorities, including the legislature and the courts, in the areas of human resources, procurement, and asset management.

Under current law, unless otherwise empowered by law, no state agency may contract or create any debt or liability against the state in excess of an appropriation of money by the state to pay such debt or liability.

This bill authorizes the creation of liabilities and the expenditure of moneys appropriated for information technology services provided to agencies through IBIS and for printing, mail, communication, and information technology services to state agencies in an additional amount not exceeding the depreciated value of the equipment used to provide information technology services to agencies through IBIS and to provide printing, mail, communication, and information technology services to state agencies respectively.

This bill creates a division of legal services in DOA that is authorized to provide legal services to executive branch agencies. With certain exceptions, the bill transfers all attorney positions and all legal staff positions in executive branch agencies to the Division of Legal Services effective on July 1, 2008. The bill also transfers all positions identified as hearing examiners, hearing officers, or administrative law judges, other than such positions in DWD, to the Division of Hearings and Appeals in DOA. Attorney positions in DOJ, the Office of the State Public Defender, the PSC, the UW System, the Employment Relations Commission, the State of Wisconsin Investment Board, the Government Accountability Board, and the Office of the Governor are exempt from transfer, as are all state employees working in an office of a district attorney. In addition, the bill retains a general counsel or lead attorney position in each major state agency and office.

Under this bill, executive branch agencies that are authorized or required to employ or retain an attorney may do so only in the following ways: (1) employ an attorney in a position authorized by law; (2) contract with DOA for legal services; (3) allow DOJ to furnish legal services if DOJ is required by law to furnish the services; (4) allow or contract with the Division of Hearings and Appeals to furnish legal services if the Division of Hearings and Appeals is required or authorized by law to furnish the services; or (5) employ or retain any attorney who is not a state employee, subject to the approval of the governor.

Currently, state agencies having jurisdiction over state properties may sell the properties under various conditions and limitations if the operation of the properties is not specifically provided for by law. The proceeds of any sales are credited or deposited in various ways as provided by law. Currently, the Building Commission may sell all or any part of a state-owned building or structure or state-owned land if such authority is not provided to another state agency by law. The proceeds of any such sales, after retirement of any outstanding debt on the affected properties, are paid into the budget stabilization fund. However, under a special law enacted in 2005, DOA may offer for sale and sell certain state property if the Building Commission authorizes the property to be offered for sale before July 1, 2007. Under that law, sales may be either on the basis of public bids or negotiated prices, and need not reflect fair market value.

Under this bill, DOA may offer certain state property for sale if the offer of sale is approved by the Building Commission before July 1, 2009.

Current law requires persons who hold credentials issued by DRL to renew the credentials every two years. Current law specifies the fee for renewing each credential, for issuing an initial credential for which no examination is required, and for issuing a reciprocal credential. Currently, DRL must submit a biennial budget request recalculating the administrative and enforcement costs for each occupation or business DRL regulates, and recommending changes to the fees.

This bill eliminates the specified renewal, initial credential, and reciprocal credential fees. The bill requires DRL to determine the fees for the succeeding fiscal biennium using the methodology currently prescribed for preparing its biennial budget request. DRL must submit a report containing the proposed adjusted fees to JCF for its approval.

Currently, the National and Community Service Board, which is attached to DOA, receives federal funding, receives state funding from state agencies to which the board provides services, and receives funding from gifts, grants, and bequests. This bill directs DOA to annually determine the amount of state funding for administrative support of the board that is required for the board to qualify for federal funding. The bill directs DOA to apportion and assess that amount equally to DOA, DHFS, DPI, and DWD.

TAXATION

PROPERTY TAXATION

This bill creates a property tax credit for improvements on real property. Under the bill, beginning in 2009, annually $100,000,000 is distributed to municipalities in amounts that are in the same proportion as the amounts obtained by multiplying the fair market value of the improvements in each municipality by the school tax rate for the municipality. Each municipality then applies the amount it receives to the property tax bills of its property owners, apportioning the amount according to the fair market value of each property owner's improvements, thereby reducing the amount of the property taxes that the property owner must pay on the improvements.

This bill creates a property tax exemption for real property owned by a veterans service organization that is chartered under federal law if the property is necessary for the location and convenience of buildings.

INCOME TAXATION

Current law provides a subtraction from federal adjusted gross income (AGI) for amounts paid by a claimant for tuition to attend certain higher education institutions located in this state or subject to the Minnesota-Wisconsin reciprocity agreement. The subtraction may not exceed twice the average amount charged by the Board of Regents of the UW System at four-year institutions for resident undergraduate tuition for the most recent fall semester. Currently, the maximum allowable subtraction is $4,536 and is phased out at certain income levels.

This bill increases the maximum allowable subtraction to $6,000 and expands the subtraction to include mandatory student fees paid to an eligible institution.

Under current law, an individual may not claim an income tax deduction for college tuition expenses if the source of the payment is an amount withdrawn from

either a college tuition and expenses program or a college savings account (commonly known as EdVest I and EdVest II) and the claimant has already claimed a deduction that relates to a contribution to an EdVest I or II account.

Under this bill, an individual may not claim an income tax deduction for college tuition expenses if the source of the payment is an amount withdrawn from either an EdVest I or II account and the owner of the account has already claimed a deduction that relates to a contribution to an EdVest I or II account.

Current law provides an individual income tax deduction for 100 percent of the amount paid by a person for a medical care insurance policy that covers the person and his or her family (his or her spouse and dependents) if the person's employer pays nothing toward the person's medical care insurance. There is a similar deduction for 100 percent of such amounts paid for a policy by a self-employed person and for approximately 33 percent of such amounts paid by a person who has no employer and no self-employment income, although the latter percentage increases to 100 percent for taxable years beginning after December 31, 2008.

This bill creates a phased-in individual income tax deduction for a percentage of the amount that is paid by an individual for a policy that covers the individual and his or her family if the individual's employer pays a portion of the cost of the individual's policy. For taxable year 2008, 10 percent of the amount paid for such a policy may be claimed; for taxable year 2009, 25 percent may be claimed; for taxable year 2010, 45 percent may be claimed; and for taxable year 2011 and thereafter, 100 percent may be claimed.

This bill allows a taxpayer to report to DOR, without paying a penalty or facing criminal prosecution, certain transactions that are devised for the principal purpose of evading or avoiding federal or state income or franchise tax and are required to be reported to the Internal Revenue Service under federal law. In order to avoid penalties and prosecution, a taxpayer must file an amended return with DOR for each taxable year beginning before January 1, 2007, in which the taxpayer participated in the transaction, and pay any additional taxes. The amended return must be filed between October 1, 2007, and December 31, 2007. Apart from the grace period provided under the bill, the bill generally requires taxpayers to report all such transactions to DOR, consistent with the reporting requirements under federal law, and pay all penalties, interest, and additional taxes.

Under this bill, a person may claim an income and franchise tax credit equal to 25 percent of the amount that the person paid in the taxable year to install pumps located in this state that dispense motor vehicle fuel consisting of at least 85 percent ethanol or at least 20 percent biodiesel fuel.

This bill creates an income and franchise tax credit for health care providers in an amount equal to the amount that the health care provider paid in the taxable year for information technology hardware or software that is used to maintain medical records in electronic form.

This bill also creates income and franchise tax credits for amounts paid to modernize or expand a dairy manufacturing operation. Dairy manufacturing means processing milk into dairy products or processing dairy products for sale commercially.

This bill exempts from the income tax and the franchise tax all income of a veterans service organization that is chartered under federal law.

Under current law, generally, a taxpayer may claim a credit against the taxpayer's income and franchise tax liability on certain amounts invested in new businesses under the early stage seed investment tax credit or the angel investment tax credit. This bill increases the total amount of all angel investment credits that may be claimed in each calendar year from $3,000,000 to $5,500,000 and the total amount of all early stage seed investment credits that may be claimed in each calendar year from $3,500,000 to $6,000,000. The bill also increases the amount of the investment that may be used as the basis of an angel investment credit from $500,000 to $2,000,000. In addition, the bill requires that any person claiming an angel investment credit or an early stage seed investment credit keep his or her investment in a certified business for at least three years.

Current law authorizes DOR to enter into agreements with the Internal Revenue Service to offset state tax refunds against federal tax obligations and charge a fee for such setoffs, not to exceed $25 per transaction. In addition, DOR may enter into agreements with other states to offset state tax refunds against the tax obligations of other states. This bill allows DOR to enter into agreements with federally recognized tribes to offset state tax refunds against tribal obligations and charge a fee for such setoffs, not to exceed $25 per transaction.

Under current law, a partnership, a limited liability company, a tax-option corporation, an estate, or a trust that is treated as a pass-through entity for federal income tax purposes must withhold income or franchise taxes from the income that the entity may distribute to a nonresident partner, member, shareholder, or beneficiary (nonresident). However, a nonresident's share of income from the pass-through entity that is attributable to this state is not included in determining the amount of the withholding tax if the nonresident is exempt from state income and franchise taxes or if the nonresident has no state income other than his or her share of income from the pass-through entity that is attributable to this state and the amount of that income is less than $1,000.

Under this bill, income excluded from determining the amount of a pass-through entity's withholding taxes includes income of a nonresident who files an affidavit with DOR agreeing to file a state income or franchise tax return and be subject to the personal jurisdiction of DOR, the Tax Appeals Commission, and the courts of this state for the purpose of determining and collecting state income and franchise taxes.

This bill adopts, for state income and franchise tax purposes, certain changes made to the Internal Revenue Code by Public Law 109-7, which excludes qualified disaster mitigation payments from gross income; Public Law 109-58, the Energy Tax Incentives Act; Public Law 109-59, the Safe, Accountable, Flexible, Efficient Transportation Equity Act; Public Law 109-73, the Katrina Emergency Tax Relief Act; Public Law 109-135, the Gulf Opportunity Zone Act; Public Law 109-151, the Employee Retirement Preservation Act; Public Law 109-222, the Tax Increase

Prevention Act; Public Law 109-227, Heroes Earned Retirement Opportunities Act; and Public Law 109-280, the Pension Protection Act.

Under current law, for claims filed in 2001 and thereafter, the homestead tax credit threshold income is $8,000; the maximum property taxes, or rent constituting property taxes, that a claimant may use in calculating his or her credit are $1,450; and the maximum household income is $24,500. As income increases from $8,000 to $24,500, the credit is phased out to zero under the current formula; also, the credit is 80 percent of the property taxes accrued or rent constituting property taxes accrued for household income of $8,000 or less. Using the formula, the credit that may be claimed ranges from $10 to $1,160.

Under this bill, for claims filed in 2009 and thereafter, the maximum household income is indexed for inflation. Also under the bill, as a claimant's income exceeds the threshold income amount, the credit is phased out until the credit equals zero when income exceeds the indexed maximum income.

Federal law provides an individual income tax credit for a portion of qualifying child or dependent care expenses that are paid for the purpose of enabling a taxpayer to be gainfully employed. An eligible claimant must maintain a household for a qualifying individual, which is defined as a dependent under the age of 13, a disabled spouse, or another disabled individual who is a dependent of the taxpayer. The amount that may be claimed under the federal credit is based on the amount of allowable employment-related expenses incurred by the claimant. The maximum amount of such expenses under federal law is $3,000 for one qualifying individual and $6,000 for more than one qualifying individual.

In calculating Wisconsin AGI, this bill authorizes an individual who claims the federal credit to subtract from federal AGI a certain amount of the expenses claimed by the individual under the federal credit. The amount that may be subtracted is phased in over four years. For nonresidents and part-year residents of this state, the amount of the subtraction is then prorated based on the ratio of the claimant's Wisconsin earned income to total earned income.

Currently, with regard to the endangered resources and local professional football stadium district income tax checkoffs, the secretary of revenue must highlight that place on the income tax return with an appropriate symbol. Under this bill, the requirement applies only to forms printed by DOR.

Under current law, certain types of income received by an individual, which are deductible under federal law when the individual calculates his or her federal AGI, must be added back to federal AGI when an individual calculates his or her Wisconsin AGI.

In calculating Wisconsin AGI, this bill requires that nonresidents and part-year residents add back to federal AGI a portion of certain items that are deductible under federal law, such as the domestic production activities deduction and attorney fees and court costs involving unlawful discrimination claims.

This bill specifies that amounts received by a nonresident of this state under a covenant not to compete is taxable by this state to the extent that the covenant was based on a Wisconsin-based activity.

OTHER TAXATION

Currently, if a taxpayer appeals a DOR tax ruling to the Tax Appeals Commission, the taxpayer may deposit the additional taxes DOR claims is due, plus interest, with the secretary of administration while the appeal is pending, and DOR must authorize the secretary to administer the deposit and issue any refund that is due the taxpayer after the appeal concludes. Currently, similar tax assessment and refund issuance procedures also apply to other taxes including the oil and gas severance tax and the cigarette inventory tax.

Under this bill, such deposits are made, and such refunds are issued, by DOR directly, and DOA no longer administers the deposits or issues any refunds.

This bill imposes an assessment on a motor vehicle fuel supplier at the rate of 2.5 percent of the supplier's gross receipts from the first sale of motor vehicle fuel in this state. The supplier may take no action to increase or influence the selling price of motor vehicle fuel in order to recover the amount of the assessment. For the purpose of determining the amount of the assessment, income derived from the first sale in this state of biodiesel fuel or ethanol blended with gasoline to create gasoline consisting of at least 85 percent ethanol is not included in the supplier's gross receipts. The revenue collected from the assessment is deposited into the transportation fund.

This bill adopts the substantive provisions of the streamlined sales and use tax agreement for purposes of administering and collecting state, county, and stadium district sales and use taxes. The agreement is intended to modernize sales and use tax administration for the states that enter into the agreement and to encourage out-of-state retailers to collect the state, county, and stadium district sales and use taxes voluntarily. Under current federal law, generally, an out-of-state retailer who sells tangible personal property or services to customers in this state is not required to collect the sales tax or use tax imposed on such sales, if the retailer has no physical presence in this state. See *Quill v. North Dakota,* 504 U.S. 298; 112 S.Ct. 1904 (1992).

This bill increases the rate of the excise tax imposed on the sale of cigarettes from 77 cents per pack to $2.02 per pack. The bill also increases the rate of the excise tax imposed on the sale of tobacco products from 25 percent of the manufacturer's list price to distributors to 65.6 percent of the manufacturer's list price to distributors.

Under current law, generally, the conveyance of real property from one person to another is subject to a real estate transfer fee of 30 cents for each $100 of the conveyance's value. The register of deeds for the county in which the property is located collects the fee at the time that the conveyance is recorded. The register of deeds retains 20 percent of the fee for the county and submits the remainder to the state.

This bill increases the real estate transfer fee to 60 cents for each $100 of a conveyance's value and requires the register of deeds to submit 90 percent of the fee to the state. Under the bill, the amount of the real estate transfer fee submitted to the state is deposited into the county aid fund. The state pays a portion of the amount paid to counties for circuit court costs out of the county aid fund. The state also pays from the county aid fund a portion of the amount paid to counties as community youth and family aids (generally referred to as youth aids), which are aids paid to

counties for juvenile delinquency-related services. These costs and aids are currently paid out of the general fund. Beginning in 2008, county aid payments, currently referred to as shared revenue payments, will be paid in part from the county aid fund and in part from the general fund.

This bill creates sales and use tax exemptions for all of the following:

1. Tangible personal property and taxable services that are sold by a home exchange service that is operated by DVA.

2. Machines, equipment, animals, and certain other tangible personal property that are sold to a biotechnology business for use exclusively in research.

3. Machines, equipment, and certain other tangible personal property that are used exclusively in raising animals that are sold primarily to a biotechnology business, a public or private institution of higher education, or a governmental unit for use by any such entity exclusively in research or manufacturing.

4. Catalogs and the envelopes in which the catalogs are mailed.

5. Tickets or admissions to a performance by a nonprofit performing arts organization if the organization also provides free performances for schools.

This bill also modifies the sales and use tax exemption for motion picture film and tape to include radio and television programs. In addition, under the bill, the exemption applies to motion pictures and radio and television programs that are electronically provided to a purchaser.

Under current law, generally, a person may not sell cigarettes in this state without a permit issued by DOR. Current law also prohibits a direct marketer from selling cigarettes to consumers in this state unless the direct marketer fulfills certain requirements. Current law defines direct marketing as publishing or making accessible an offer for the sale of cigarettes to consumers in this state, or selling cigarettes, using any means by which the consumer is not physically present on a premise that sells cigarettes.

Under this bill, generally, the same provisions that apply to the direct marketing of cigarettes under current law also apply to the direct marketing of tobacco products. In addition, no person may sell cigarettes or tobacco products to consumers in this state unless the person applies to DOR for a permit.

This bill increases the fee imposed on dry cleaning facilities from 1.8 percent of the gross receipts from the previous three months from dry cleaning apparel and household fabrics to 2.8 percent of such gross receipts.

This bill allows DOR to charge a filing fee for sales tax returns that are submitted to DOR on paper.

TRANSPORTATION

HIGHWAYS

Current law includes provisions applicable to southeast Wisconsin freeway rehabilitation projects, including the Marquette interchange reconstruction project. Under current law, DOT may contract up to $213,100,000 in public debt for the Marquette interchange reconstruction project. DOT generally may not expend moneys, other than bonding proceeds, for any southeast Wisconsin freeway rehabilitation project that involves adding lanes five miles or more in length to an

existing freeway absent enumeration of the project by the legislature. Currently no such projects are enumerated.

This bill enumerates two projects: the Zoo interchange project in Milwaukee County and the I 94 north-south corridor project in southeastern Wisconsin. The bill also increases from $213,100,000 to $303,300,000 the general obligation bonding limit and allows proceeds from this bonding also to be used to fund the I 94 north-south corridor project.

Under current law, the Building Commission may issue revenue bonds for major highway projects and transportation administrative facilities in a principal amount that, with certain exclusions, may not exceed $2,324,377,900. This bill increases the revenue bond limit from $2,324,377,900 to $2,708,341,000.

Under current law, debt service on certain public debt for major highway projects and state highway rehabilitation projects is paid from the general fund. This bill pays some or all of this debt service from the transportation fund.

DRIVERS AND MOTOR VEHICLES

This bill incorporates into state law the requirements contained in the federal REAL ID Act necessary for federal agencies to recognize for an official purpose operator's licenses and identification cards issued by this state. Under the act, an official purpose includes accessing federal facilities, boarding federally regulated commercial aircraft, and any other purpose identified by the federal Department of Homeland Security (DHS).

Under this bill, DOT may not, after May 10, 2008, issue or renew an operator's license or identification card unless the applicant presents, and DOT verifies, all of the following information:

1. An identification document that includes either the applicant's photograph or both the applicant's full legal name and date of birth.

2. Documentation showing the applicant's date of birth.

3. Proof of the applicant's social security number or verification that the applicant is not eligible for a social security number.

4. Documentation showing the applicant's name and address of principal residence.

5. Valid documentary proof that the individual is a citizen or national of the United States or an alien lawfully admitted for permanent or temporary residence in the United States.

In processing the application for an operator's license or identification card, DOT must capture and retain for at least ten years a digital image of each document presented. DOT must verify each document presented in the manner and to the extent required under federal law. DOT must record in the applicant's file or record the date on which verification is completed.

This bill creates a $10 federal security verification mandate fee that must be paid to DOT for the issuance, renewal, upgrading, or reinstatement of any operator's license, endorsement, instruction permit, or identification card.

For certain noncitizen applicants who present specified forms of status or authorization of legal presence in the United States, the bill requires DOT to issue operator's licenses or identification cards displaying a legend identifying the license

as temporary. Such a license or identification card may not be renewed unless the applicant presents valid documentary proof that DHS extended the status by which the applicant qualified for the license or identification card. Under current law, an operator's license or identification card issued to a noncitizen generally expires on the date the person's legal presence in the United States is no longer authorized. Under the bill, under certain circumstances, a temporary operator's license or identification card issued to a noncitizen expires one year after issuance.

The bill specifies that every operator's license and identification card must include a digital color photograph of the applicant and that an applicant who does not provide a social security number must provide the basis for his or her ineligibility for a social security number.

Under current law, upon request, DOT must provide to the commercial driver license information system and the driver licensing agencies of other states any applicant or driver record information maintained by DOT. This bill specifies that upon request, DOT must provide to any driver licensing agency of another state electronic access to any record or file of an operator's license or identification card applicant, including any photograph, signature, or social security number appearing in such a record or file. Also, DOT may provide to DHFS certain applicant information for the sole purpose of verification by DHFS of birth certificate information.

The bill requires DOT to record in each licensee's operating record, and in each identification card holder's record, the information in all data fields printed on the person's license or card.

The bill requires DOT to implement certain security procedures with regard to the issuance of operator's licenses and identification cards. The bill provides for DOT to perform background investigations on employees or new hirees in its Division of Motor Vehicles (DMV). Before allowing a person to access an information system maintained by DMV, DOT must require the person's employer to conduct a background investigation. DOT may use the results of the investigation to deny or restrict access to DMV information.

Under current law, to renew most operator's licenses, DOT must administer an examination of the applicant's eyesight and provide for giving eyesight examinations at examining stations in each county. The applicant generally must appear at the examining station nearest his or her residence. Under this bill, DOT eyesight examinations at examining stations are not required to be provided in each county, and the applicant need not appear at the examining station nearest his or her residence.

The bill extends the valid period for an identification card from four years to eight years.

This bill increases the annual fee for registering an automobile from $55 to $75 and increases the annual fee for registering a motor truck or dual purpose motor home that weighs not more than 4,500 pounds from $48.50 to $75, for a vehicle that weighs not more than 6,000 pounds from $61.50 to $84, and for a vehicle that weighs not more than 8,000 pounds from $77.50 to $106.

This bill requires DOT to enter into the national Driver License Agreement (DLA) that establishes standards for the treatment and exchange of driver licensing and conviction information and other data pertinent to the licensing process. The DLA requires participating states to recognize certain kinds of violations relating mostly to operating motor vehicles and the administrative actions taken in response to those violations, such as suspension or revocation of a person's operating privilege (DLA Code violations). Under the DLA, when a person who is licensed in one state that is a party to the DLA commits a DLA Code violation in another party state, the licensing state takes administrative action in response to the violation, based on information provided by the state in which the violation occurred. Administrative action by a party state is recognized by all other party states. The DLA also generally provides that records concerning a licensed driver are maintained only by the licensing state.

This bill requires DOT to identify by rule the violations and administrative actions under this state's laws that the DLA requires to be recognized as DLA Code violations and that describe the equivalent violations and administrative actions under the laws of other member states that DOT must recognize as DLA Code violations when the offense is not committed in this state.

Current law allows or requires DOT or a court, in a variety of circumstances, to suspend or revoke the operating privilege of any person, whether a resident or nonresident, who commits specified offenses in this state. In addition, in a variety of circumstances, current law allows or requires DOT to suspend or revoke the operating privilege of a resident for committing specified offenses in other jurisdictions and allows or requires DOT or a court to treat convictions in other jurisdictions as prior offenses. DOT may or must suspend or revoke the operating privilege of a nonresident, except with respect to a commercial driver license (CDL), upon receiving notice of a conviction for certain offenses in another jurisdiction.

To correspond to the state's joinder of the DLA, this bill substantially modifies the procedure for DOT's administrative suspensions and revocations of motor vehicle operating privileges. Under the bill, DOT may generally suspend or revoke the operating privilege only of persons who hold an operator's license issued by DOT or who are residents of this state and do not hold an operator's license issued by another jurisdiction (Wisconsin licensees or residents). A nonresident who commits a violation in this state is generally subject to the penalty provided for the violation except that, in lieu of suspension or revocation of the nonresident's operating privilege in this state, notice is provided to the person's state of licensure or residency. However, if the nonresident's state of licensure or residency is not a DLA state, or if the offense is not a DLA code violation, DOT may suspend or revoke the nonresident's operating privilege. The bill also allows certain offenses committed in other jurisdictions that, if committed in this state, would have been violations in this state to be grounds for suspension or revocation by DOT and to be counted as prior violations for purposes of court-ordered suspensions or revocations.

Under the bill, although a nonresident is technically disqualified as a matter of law from operating a commercial motor vehicle (CMV) upon conviction of specified offenses related to a CMV or CDL, the nonresident is not ordered administratively

disqualified by DOT, and DOT does not record the disqualification of the nonresident in DOT's driver records unless required to do so by federal law. If DOT receives a record of conviction of a nonresident for an offense not required by federal law to be recorded in DOT's records, DOT must provide notice of the conviction and disqualification as a matter of law to the person's jurisdiction of licensure or residency. The bill also adds certain convictions in other jurisdictions that may result in disqualification. The bill allows certain offenses committed in other jurisdictions to be grounds for disqualification if they would have been violations in this state had they been committed in this state.

This bill also modifies, to correspond to the state's joinder of the DLA, DOT's procedures for maintaining driver records. Under the bill, in most circumstances, DOT must maintain a driver record only for persons who are Wisconsin licensees or residents. For such persons, DOT must maintain in the driver record any notice received from another jurisdiction of the revocation, suspension, or cancellation of the person's operating privilege in that jurisdiction. Rather than maintain a driver record for nonresidents, DOT must forward any record of conviction (as required under current law) or notice of any administrative action, including suspension or revocation of an operating privilege or disqualification by DOT, or of any test results, out-of-service order, or DOT hearing results related to driving or operating a motor vehicle while under the influence of an intoxicant, to the nonresident's state of licensure or residency.

Upon receiving notice that a Wisconsin licensee or resident has applied for an operator's license or transferred residency to another jurisdiction, DOT must transfer the person's driver record information to the other jurisdiction if the jurisdiction is a member of the DLA or if the jurisdiction accepts responsibility for maintaining the person's driver record. With two exceptions, DOT may not thereafter update the person's driver record unless required by federal law. If a person licensed in another jurisdiction applies for an operator's license in this state, DOT must request that the person's driver record be transferred from the other jurisdiction.

This bill also alters certain requirements related to issuance of an operator's license to a person moving to this state from another state.

This bill eliminates the requirements that DOT establish new designs for vehicle registration plates and reissue registration plates on an established schedule.

Under current law, DOT administers, in a manner provided under federal law, a single-state insurance registration system for for-hire motor carriers allowing interstate carriers to register in, and pay applicable fees to, a single state with regard to proof of motor carrier insurance requirements. Under federal law, the single-state insurance registration system is scheduled to be repealed and replaced by a unified carrier registration system.

This bill authorizes DOT to participate in the new unified carrier registration system and to impose registration fees on all motor carriers, including private motor carriers.

Current law requires DOT to conduct a motor vehicle emission inspection and maintenance program (I/M program) in counties where air quality does not meet certain federal standards. Under the I/M program, most motor vehicles that are subject to emission limitations established by DNR must pass periodic emission inspections and may not be registered by DOT unless they have passed these inspections. Certain motor vehicles are exempt from emission inspections. DOT is required to contract with third parties to perform vehicle emission inspections under the I/M program.

This bill exempts from emission inspections vehicles of model year 1967 to model year 1995, vehicles of model year 2007 or later that weigh between 10,001 pounds and 14,000 pounds, and vehicles of model year 2007 or later that are powered by diesel fuel. The bill also allows DOT to authorize or require third-party contractors to install and operate self-service inspection stations, at which the contractor may use different methods for emissions testing and equipment inspection than those used at inspection stations that are not self-service. The bill allows DOT to establish additional methods for emissions inspections.

Current law requires an environmental impact fee of $9 when a person registers a new motor vehicle or applies for a new certificate of title after transferring a vehicle. The environmental impact fee is credited to the environmental fund, and expires on December 31, 2007. This bill eliminates the expiration date.

Under current law, a person convicted of certain violations relating to operating a vehicle while intoxicated must pay a driver improvement surcharge of $355 in addition to any applicable forfeiture or fine, assessments, and costs. However, the surcharge does not apply to a person who commits a first violation of operating a vehicle with a prohibited blood alcohol concentration of 0.08 or more but less than 0.1 at the time of the violation.

This bill removes the exemption for first time offenders.

TRANSPORTATION AIDS

Under current law, DOT makes general transportation aids payments to a county based on a share-of-costs formula, and to a village, city, or town (municipality) based on the greater of a share-of-costs formula for municipalities or an aid rate per mile, which is $1,862 for 2006 and $1,899 for 2007 and thereafter. This bill increases the aid rate per mile to $1,937 for 2008 and $1,976 for 2009 and thereafter.

This bill increases the maximum amount of general transportation aids that may be paid to counties from $93,682,400 in 2007 to $95,556,000 in 2008 and $95,467,100 in 2009 and thereafter. The bill also increases the maximum amount of aid that may be paid to municipalities from $294,736,000 in 2007 to $300,630,700 in 2008 and $306,643,300 in 2009 and thereafter.

Under current law, DOT provides state aid to local public bodies in urban areas served by mass transit systems to assist with the expenses of operating those systems. This bill increases the total amount of state aid for mass transit systems.

This bill creates a Safe Routes to School Program to promote children walking or riding bicycles to school and to increase the safety and reduce traffic in the vicinity

of schools. The program must be consistent with the federal Safe Routes to School Program and incorporate regulations under that federal law.

Under current law, DOT administers a Local Roads Improvement Program, which includes an entitlement component and a nonentitlement component. This bill increases DOT's allocations for the nonentitlement component. The bill also requires DOT to award a grant of $60,000 from nonentitlement moneys.

RAIL AND AIR TRANSPORTATION

Under current law, DOT administers a Rail Passenger Route Development Program to, in part, fund capital costs related to Amtrak service extension routes or other rail service routes between Milwaukee and Madison and between Milwaukee and Green Bay. This bill expands the program to include routes between Chicago and Milwaukee and between Madison and La Crosse. The bill also increases general obligation bonding authority for the program from $50,000,000 to $82,000,000.

Under current law, DOT may contract up to $44,500,000 in public debt for the acquisition and improvement of rail property. This bill increases the limit to $66,500,000.

OTHER TRANSPORTATION

Under current law, DOT collects a supplemental vehicle title fee of $7.50, which is deposited into the transportation fund. An amount equal to the amount of the supplemental fees collected is transferred from the general fund to the environmental fund each year. This bill increases the supplemental vehicle title fee from $7.50 to $9.50 and transfers the fees collected from the transportation fund to the environmental fund.

The law governing repair, replacement, and refund under a motor vehicle warranty is known as the "lemon law." This bill creates a four-year statute of limitations for vehicle manufacturers to request a refund of sales tax on vehicles returned to them under the lemon law. The bill also creates a four-year statute of limitations for vehicle lessors or purchasers to request a sales tax refund from DOR when they have obtained from the manufacturer, under the lemon law, a refund of the purchase price but not the sales tax paid on the vehicle. The bill provides that vehicle manufacturers, lessors, and purchasers receive 9 percent interest on the sales tax refunded to them.

Under current law, DOT may contract up to $40,700,000 in public debt to provide grants for harbor improvements. This bill increases the limit to $53,400,000.

VETERANS AND MILITARY AFFAIRS

This bill allows DVA to transfer up to $7,000,000 during the 2007-09 fiscal biennium from the DVA appropriation for institutional operations to the veterans trust fund if there is money in that appropriation in excess of the amount needed to care for members of the veterans homes.

Under current law, to be eligible for burial at one of the state veteran's cemeteries, a veteran must meet certain conditions, including having been discharged or released from active duty in the U.S. armed forces under honorable conditions. This bill changes the conditions of discharge or release to being discharged under conditions other than dishonorable. An honorable discharge is

given to a person who has served without any misconduct. A person may receive a discharge under conditions other than dishonorable if he or she engaged in misconduct that was not serious enough to warrant a dishonorable discharge.

This bill allows DVA to provide an annual payment of $25,000 for two years to the Center for Veteran Issues to provide outreach services to homeless veterans.

This bill increases the authorized bonding authority of DVA to make mortgage loans from $2,120,840,000 to $2,170,840,000.

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the bill.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.