March 12, 2008 – Introduced by COMMITTEE ON ASSEMBLY ORGANIZATION, by request of Governor James E. Doyle.

AN ACT to repeal 20.435 (4) (gp), 49.45 (5m) (ag) and 146.99; to amend 13.101 (6) (a), 20.866 (1) (u), 25.69, 46.27 (9) (a), 46.27 (10) (a) 1., 46.275 (5) (a) 46.275 (am), 49.45 (6m) (ag) (intro.), 49.45 (6v) (b), 49.45 (6x) (a), 49.45 (6y) (a), 49.45 (6y) (am), 49.45 (6z) (a) (intro.), 49.45 (8) (b), 49.45 (24m) (intro.), 49.45 (52), 49.472 (6) (a), 49.472 (6) (b), 49.473 (5), 71.22 (4) (n), 71.22 (4) (o), 71.22 (4) (p), 71.22 (4) (q), 71.22 (4) (r), 71.22 (4) (s), 71.22 (4) (t), 84.013 (2) and 84.014 (2); to repeal and recreate 71.26 (2) (b); and to create 13.101 (18), 20.395 (6) (ac), 20.435 (4) (xc), 20.866 (2) (uut), 25.17 (1) (gs), 25.77 (11), 25.772, 49.45 (58), 50.375, 71.22 (9a), 71.22 (9c), 71.22 (9d), 71.22 (9e) and 84.557 of the statutes; relating to: state finances and appropriations.

Analysis by the Legislative Reference Bureau

EDUCATION

This bill converts the source for all funding for public library system aid in the 2008–09 fiscal year from the general fund to the universal service fund.
HEALTH AND HUMAN SERVICES

Under current federal and state law, Medical Assistance (MA) is a jointly funded, federal–state program, including BadgerCare Plus, that the Department of Health and Family Services (DHFS) administers to provide health care benefits to eligible individuals with very low incomes and few assets, (generally, pregnant women, certain children, certain parents or caretaker relatives, certain adults under age 21 who were in foster care, migrant workers and their dependents, and elderly or disabled individuals). The state share of MA is paid from a combination of general purpose revenues, program revenues from hospital assessments, and segregated funds under the MA trust fund.

Under current law, DHFS annually assesses hospitals a 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 are credited to a program revenue appropriation account, from which is paid a portion of MA program benefits, certain long-term care MA pilot projects, and services under the Family Care Program.

Currently, under MA, DHFS must distribute not more than $2,256,000 in each fiscal year to provide supplemental funds to rural hospitals and to critical access hospitals that have a high utilization of inpatient services by patients whose care is provided from governmental sources.

This bill eliminates the current annual hospital assessment and the associated program revenue appropriation account and, instead, authorizes DHFS to levy, enforce, and collect assessments on the gross patient revenue of hospitals, based on claims information collected by an entity from hospitals under the laws relating to health care information or based on any other source that is approved in the state Medicaid plan. Under the bill, the entire assessment for fiscal year 2007–08 must be paid by June 1, 2008, and thereafter assessments must be paid by September 1, 2008, December 1, 2008, March 1, 2009, and June 1, 2009. DHFS must verify the amount of each hospital's gross patient revenue and determine the amount of the assessment owed by each hospital based on a uniform rate applicable to total gross patient revenue that DHFS estimates will yield $205,532,800 in fiscal year 2007–08 and $214,226,000 in fiscal year 2008–09. DHFS may allow delayed payment by hospitals that are unable to pay by the assessment dates; a DHFS determination that a hospital may not make a delayed payment is not subject to an administrative appeal process. If DHFS determines that any portion of the revenue needed to provide MA program benefits and payment increases for inpatient or outpatient hospital services as fee for service or through health maintenance organizations (HMOs) or to support the MA Program is not eligible for the federal Medicaid share, DHFS must refund that amount to hospitals in proportion to each hospital’s assessment payment. The assessments must be deposited into a separate, nonlapsible trust fund, as created in the bill (the hospital assessment fund).

Moneys from the hospital assessments deposited in the hospital assessment fund are, under the bill, appropriated in the amounts of $145,032,800 in fiscal year 2007–08 and $147,726,500 in fiscal year 2008–09 to provide the MA nonfederal share for increased payments, in excess of the aggregate inpatient and outpatient MA
hospital payment rates in effect in fiscal year 2006–07, and refunds to hospitals for services provided under MA. They are also transferred to the MA trust fund, less any refunds required to be made, and appropriated to provide $58,500,000 in fiscal year 2007–08 and $65,000,000 in fiscal year 2008–09, for a portion of MA program benefits and to increase (together with federal Medicaid matching moneys) the amount of moneys DHFS must distribute to rural hospitals for fiscal year 2007–08 and each fiscal year thereafter, by $3,000,000. The general program revenue appropriation account for MA program benefits is decreased by $60,000,000 in fiscal year 2007–08 and by $62,500,000 in fiscal year 2008–09. The Joint Committee on Finance (JCF) may not transfer moneys from the hospital assessment fund.

The bill requires HMOs, in connection with the hospital assessment, to pay increased rates to hospitals for inpatient and outpatient services provided to MA recipients. The bill requires DHFS to develop a methodology for HMOs to use in calculating these rate increases. Under the bill, the HMOs must make prospective monthly payments to hospitals for the rate increases, then must adjust the payment amounts based on actual utilization of hospital services by MA recipients enrolled in the HMO. The bill provides that if an HMO and hospital cannot agree on the amount of a payment adjustment, DHFS must, upon the request of either the HMO or hospital, determine the amount. The DHFS determination is subject to administrative review.

Under the bill, DHFS must report, by December 31, 2008, and by December 31, 2009, to JCF all of the following information for the immediately previous state fiscal year: (1) the total amount of hospital assessments collected; (2) the total amount of assessments collected from each hospital; (3) the total amounts that DHFS determines were paid to HMOs for increased MA payments to hospitals; (4) the total amount of these payments made to each hospital by HMOs; (5) the total amount of these payments made to each hospital and the portion of the capitated payments made to HMOs for inpatient and outpatient hospital services from general purpose revenues; (6) the total amounts, including amounts under (3), that DHFS determines were paid to HMOs for MA payments to hospitals; and (7) the results of any audits conducted by DHFS concerning these payments to HMOs and any actions taken by DHFS as the result of such an audit.

On November 23, 1998, Wisconsin and other states agreed to a settlement of lawsuits brought against the major U.S. tobacco product manufacturers. Under the tobacco settlement agreement, the state was to receive annual payments from the U.S. tobacco product manufacturers in perpetuity. 2001 Wisconsin Act 16 authorized the secretary of administration to sell the state’s right to receive payments under the tobacco settlement agreement. Moneys received from the sale were required to be deposited into the permanent endowment fund, a fund created in 2001. Currently, the first $50,000,000 of moneys deposited into the fund is transferred to the Medical Assistance trust fund in each fiscal year.

The bill increases the amount that is transferred from the permanent endowment fund to the MA trust fund to $65,000,000 in each fiscal year and also reduces general purpose revenue funding for the MA program by $15,000,000 in each year of the 2007–09 fiscal biennium.
STATE GOVERNMENT

Under current law, after enactment of the biennial budget act, if the secretary of administration determines that authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than 0.5 percent of estimated general purpose revenue appropriations for that fiscal year, the governor must submit a bill making recommendations for correcting the imbalance between projected revenues and authorized expenditures. This bill increases the threshold during the remainder of the 2007–09 fiscal biennium to 2 percent of estimated general purpose revenue appropriations for a fiscal year.

Currently, in any fiscal year, the secretary of administration may temporarily reallocate moneys to the general fund from other state funds in an amount not to exceed, at any one time, 5 percent of the total general purpose revenue appropriations for that fiscal year. This bill increases that amount to 10 percent during the 2007–09 fiscal biennium.

2007 Wisconsin Act 20 required the secretary of administration to lapse or transfer to the general fund from appropriations to almost all executive branch state agencies, other than sum sufficient appropriations and appropriations of federal revenues, an amount equal to $200,000,000 during the 2007–09 fiscal biennium and $200,000,000 during the 2009–11 fiscal biennium.

The bill requires the secretary of administration to make additional lapses or transfers to the general fund from appropriations to all executive branch state agencies, other than sum sufficient appropriations and appropriations of federal revenues, in an amount equal to $330,400,000 during the 2007–09 fiscal biennium and $330,400,000 during the 2009–11 fiscal biennium.

The bill, however, provides that not more than a total of $293,000,000 may be lapsed or transferred, under this act and 2007 Wisconsin Act 20, to the general fund from appropriations to the Department of Transportation (DOT) during the 2007–09 fiscal biennium.

Current statutes contain a rule of proceeding governing legislative action on certain bills. Generally, the rule provides that no bill may be adopted by the legislature if the bill would cause general purpose revenue expenditures in a fiscal year, less amounts transferred to the budget stabilization fund in that fiscal year, to exceed the sum of taxes and departmental revenues deposited in the general fund in that fiscal year. This bill includes the balance of the budget stabilization fund for the purpose of calculating the cap for general purpose revenue expenditures during each fiscal year of the 2007–09 fiscal biennium.

Under current law, certain excess general purpose revenues, net proceeds from the sale of state buildings, structures, or land, and net proceeds from the sale of state surplus property are deposited into the budget stabilization fund. This bill provides that, if the projected balance of the general fund on June 30, 2008, or June 30, 2009, is less than $65,000,000, the secretary of administration may transfer any amount of moneys from the budget stabilization fund to the general fund.
TAXATION

This bill disallows certain deductions, for income and franchise tax purposes, for amounts paid to a real estate investment trust and for amounts paid to a regulated investment company.

TRANSPORTATION

This bill requires the secretary of administration to transfer $5,000,000 from the transportation fund to the general fund in fiscal year 2007–08.

This bill also prohibits JCF from supplementing any DOT appropriation in fiscal year 2007–08, for purposes relating to implementation of the federal REAL ID Act of 2005, unless after the supplement there remains unexpended in the JCF appropriation, for fiscal year 2007–08, at least $5,000,000 of the estimated expenditures in this appropriation relating to implementation of the federal REAL ID Act of 2005.

Current law authorizes the state to contract public debt (issue general obligation bonds) for purposes of funding major highway projects, southeast Wisconsin freeway rehabilitation projects, and state highway rehabilitation projects, subject to specified limitations. On some of this debt, principal and interest costs incurred in financing the debt (debt service) is paid from the general fund, and on some of this debt the debt service is paid from the transportation fund.

This bill authorizes the state to contract up to an additional $190,000,000 in public debt for purposes of funding major highway projects, southeast Wisconsin freeway rehabilitation projects, and state highway rehabilitation projects. Debt service on this additional debt is paid from the general fund.

This bill decreases DOT state funds appropriations for major highway projects, southeast Wisconsin freeway rehabilitation projects, and state highway rehabilitation projects. The bill also requires the secretary of administration and DOT to increase revenue estimates for certain other appropriations, and for available general obligation bond proceeds, for major highway projects, southeast Wisconsin freeway rehabilitation projects, and state highway rehabilitation projects. The appropriation decreases are not included in establishing DOT’s appropriation base level for the respective appropriations when DOT submits its 2009–11 biennial budget request.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 Section 1. 13.101 (6) (a) of the statutes is amended to read:

2 13.101 (6) (a) As an emergency measure necessitated by decreased state

3 revenues and to prevent the necessity for a state tax on general property, the
committee may reduce any appropriation made to any board, commission, department, or the University of Wisconsin System, or to any other state agency or activity, by such amount as it deems feasible, not exceeding 25% of the appropriations, except appropriations made by ss. 20.255 (2) (ac), (bc), (bh), (cg), and (cr), 20.395 (1), (2) (cq), (eq) to (ex) and (gq) to (gx), (3), (4) (aq) to (ax), and (6) (ac), (af), (aq), (ar), and (au), 20.435 (6) (a) and (7) (da), and 20.445 (3) (a) and (dz) or for forestry purposes under s. 20.370 (1), or any other moneys distributed to any county, city, village, town, or school district. Appropriations of receipts and of a sum sufficient shall for the purposes of this section be regarded as equivalent to the amounts expended under such appropriations in the prior fiscal year which ended June 30. All functions of said state agencies shall be continued in an efficient manner, but because of the uncertainties of the existing situation no public funds should be expended or obligations incurred unless there shall be adequate revenues to meet the expenditures therefor. For such reason the committee may make reductions of such appropriations as in its judgment will secure sound financial operations of the administration for said state agencies and at the same time interfere least with their services and activities.

SECTION 2. 13.101 (18) of the statutes is created to read:

13.101 (18) Notwithstanding sub. (4), the committee may not transfer moneys from the appropriation account under s. 20.435 (4) (xc) to another appropriation account.

SECTION 3. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:
20.435 Health and family services, department

of

(4) HEALTH SERVICES PLANNING; REG & DELIVERY; HLTH CARE FIN; OTHER SUPPORT PGMS

(xc) Hospital assessment fund; hospital payments and refunds

| SEG | B     | 145,032,800 | 147,726,500 |

SECTION 4. 20.395 (6) (ac) of the statutes is created to read:

20.395 (6) (ac) Principal repayment and interest, major highway projects and southeast Wisconsin freeway and state highway rehabilitation projects, state funds.

From the general fund, a sum sufficient to reimburse s. 20.866 (1) (u) for the payment of principal and interest costs incurred in financing major highway projects, southeast Wisconsin freeway rehabilitation projects, and state highway rehabilitation projects, as provided under ss. 20.866 (2) (uut) and 84.557, and to make payments under an agreement or ancillary arrangement entered into under s. 18.06 (8) (a).

SECTION 5. 20.435 (4) (gp) of the statutes is repealed.

SECTION 6. 20.435 (4) (xc) of the statutes is created to read:

20.435 (4) (xc) Hospital assessment fund; hospital payments and refunds.

Biennially, from the medical assessment trust fund, the amounts in the schedule for increased payments and refunds to hospitals and for higher capitated payment rates under s. 49.45 (58) (a), as the Medical Assistance nonfederal share, in order to increase payment rates in excess of the aggregate inpatient and outpatient hospital
payment rates in effect in fiscal year 2006–07 for services provided by hospitals
under the Medical Assistance program administered under subch. IV of ch. 49.

SECTION 7. 20.866 (1) (u) of the statutes, as affected by 2007 Wisconsin Act 20,
is amended to read:

20.866 (1) (u) Principal repayment and interest. A sum sufficient from moneys
appropriated under sub. (2) (zp) and ss. 20.115 (2) (d) and (7) (b), (f), and (s), 20.190
(1) (c), (d), (i), and (j), 20.225 (1) (c) and (i), 20.245 (1) (e) and (j), 20.250 (1) (c) and (e),
20.255 (1) (d), 20.285 (1) (d), (db), (im), (in), (je), (jq), (kd), (km), and (ko) and (5) (i),
20.320 (1) (c) and (t) and (2) (c), 20.370 (7) (aa), (ac), (ag), (aq), (ar), (at), (au), (bq), (br),
(ca), (cb), (cc), (cd), (ce), (cf), (cg), (ea), (eq), and (er), 20.395 (6) (ac), (af), (aq), (ar), and
(au), 20.410 (1) (e), (ec), and (ko) and (3) (e), 20.435 (2) (ee) and (6) (e), 20.465 (1) (d),
20.485 (1) (f) and (go), (3) (t) and (4) (qm), 20.505 (4) (es), (et), (ha), and (hb) and (5)
(c), (g), (kc), and (kd), 20.855 (8) (a), and 20.867 (1) (a) and (b) and (3) (a), (b), (bm),
(bn), (bp), (bq), (br), (bu), (bv), (g), (h), (i), and (q) for the payment of principal,
interest, premium due, if any, and payment due, if any, under an agreement or
ancillary arrangement entered into under s. 18.06 (8) (a) relating to any public debt
contracted under subchs. I and IV of ch. 18.

SECTION 8. 20.866 (2) (uut) of the statutes is created to read:

20.866 (2) (uut) Transportation; major highway projects and southeast
Wisconsin freeway and state highway rehabilitation projects. From the capital
improvement fund, a sum sufficient for the department of transportation to fund
major highway projects, southeast Wisconsin freeway rehabilitation projects, and
state highway rehabilitation projects, as provided under s. 84.557. The state may
contract public debt in an amount not to exceed $190,000,000 for these purposes.

SECTION 9. 25.17 (1) (gs) of the statutes is created to read:
25.17 (1) (gs) Hospital assessment fund (s. 25.772);

**SECTION 10.** 25.69 of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

**25.69 Permanent endowment fund.** There is established a separate nonlapsible trust fund designated as the permanent endowment fund, consisting of all of the proceeds from the sale of the state’s right to receive payments under the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998, and all investment earnings on the proceeds. There is transferred from the permanent endowment fund to the Medical Assistance trust fund $50,000,000 in each fiscal year.

**SECTION 11.** 25.77 (11) of the statutes is created to read:

25.77 (11) All moneys transferred under 2007 Wisconsin Act .... (this act), section 9221 (2).

**SECTION 12.** 25.772 of the statutes is created to read:

**25.772 Hospital assessment fund.** There is established a separate nonlapsible trust fund designated as the hospital assessment fund, to consist of all moneys received under s. 50.375 from assessments on hospitals.

**SECTION 13.** 46.27 (9) (a) of the statutes is amended to read:

46.27 (9) (a) The department may select up to 5 counties that volunteer to participate in a pilot project under which they will receive certain funds allocated for long-term care. The department shall allocate a level of funds to these counties equal to the amount that would otherwise be paid under s. 20.435 (4) (b), (gp), or (w), to nursing homes for providing care because of increased utilization of nursing home services, as estimated by the department. In estimating these levels, the department shall exclude any increased utilization of services provided by state centers for the
developmentally disabled. The department shall calculate these amounts on a calendar year basis under sub. (10).

**SECTION 14.** 46.27 (10) (a) 1. of the statutes is amended to read:

46.27 (10) (a) 1. The department shall determine for each county participating in the pilot project under sub. (9) a funding level of state medical assistance expenditures to be received by the county. This level shall equal the amount that the department determines would otherwise be paid under s. 20.435 (4) (b), (gp), or (w), or because of increased utilization of nursing home services, as estimated by the department.

**SECTION 15.** 46.275 (5) (a) of the statutes is amended to read:

46.275 (5) (a) Medical Assistance reimbursement for services a county, or the department under sub. (3r), provides under this program is available from the appropriation accounts under s. 20.435 (4) (b), (gp), (o), and (w). If 2 or more counties jointly contract to provide services under this program and the department approves the contract, Medical Assistance reimbursement is also available for services provided jointly by these counties.

**SECTION 16.** 46.275 (5) (c) of the statutes is amended to read:

46.275 (5) (c) The total allocation under s. 20.435 (4) (b), (gp), (o), and (w) to counties and to the department under sub. (3r) for services provided under this section may not exceed the amount approved by the federal department of health and human services. A county may use funds received under this section only to provide services to persons who meet the requirements under sub. (4) and may not use unexpended funds received under this section to serve other developmentally disabled persons residing in the county.

**SECTION 17.** 46.283 (5) of the statutes is amended to read:
46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b), (bm), (gp), (pa), and (w) and (7) (b), (bd), and (md), the department may contract with organizations that meet standards under sub. (3) for performance of the duties under sub. (4) and shall distribute funds for services provided by resource centers.

SECTION 18. 46.284 (5) (a) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), (gp), (im), (o), and (w) and (7) (b), (bd), and (g), the department shall provide funding on a capitated payment basis for the provision of services under this section. Notwithstanding s. 46.036 (3) and (5m), a care management organization that is under contract with the department may expend the funds, consistent with this section, including providing payment, on a capitated basis, to providers of services under the family care benefit.

SECTION 19. 46.485 (2g) (intro.) of the statutes is amended to read:

46.485 (2g) (intro.) From the appropriation accounts under s. 20.435 (4) (b) and (gp), the department may in each fiscal year transfer funds to the appropriation under s. 20.435 (7) (kb) for distribution under this section and from the appropriation account under s. 20.435 (7) (mb) the department shall distribute no more than $1,330,500 in each fiscal year to applying counties in this state that meet all of the following requirements, as determined by the department:

SECTION 20. 49.45 (2) (a) 17. of the statutes is amended to read:

49.45 (2) (a) 17. Notify the governor, the joint committee on legislative organization, the joint committee on finance and appropriate standing committees, as determined by the presiding officer of each house, if the appropriation accounts
account under s. 20.435 (4) (b) and (gp) are insufficient to provide the state share of medical assistance.

**SECTION 21.** 49.45 (5m) (ag) of the statutes is repealed.

**SECTION 22.** 49.45 (5m) (am) of the statutes is amended to read:

49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriation accounts under s. 20.435 (4) (b), (gp), (o), and (w), the department shall distribute not more than $2,256,000 in each fiscal year 2007–08 and each fiscal year thereafter, to provide supplemental funds to rural hospitals that, as determined by the department, have high utilization of inpatient services by patients whose care is provided from governmental sources, and to provide supplemental funds to critical access hospitals, except that the department may not distribute funds to a rural hospital or to a critical access hospital to the extent that the distribution would exceed any limitation under 42 USC 1396b (i) (3).

**SECTION 23.** 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

49.45 (6m) (ag) (intro.) Payment for care provided in a facility under this subsection made under s. 20.435 (4) (b), (gp), (o), (pa), or (w) shall, except as provided in pars. (bg), (bm), and (br), be determined according to a prospective payment system updated annually by the department. The payment system shall implement standards that are necessary and proper for providing patient care and that meet quality and safety standards established under subch. II of ch. 50 and ch. 150. The payment system shall reflect all of the following:

**SECTION 24.** 49.45 (6v) (b) of the statutes is amended to read:

49.45 (6v) (b) The department shall, each year, submit to the joint committee on finance a report for the previous fiscal year, except for the 1997–98 fiscal year, that provides information on the utilization of beds by recipients of medical assistance in
facilities and a discussion and detailed projection of the likely balances, expenditures, encumbrances and carry over of currently appropriated amounts in the appropriation accounts under s. 20.435 (4) (b), (gp), and (o).

**SECTION 25.** 49.45 (6x) (a) of the statutes is amended to read:

49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriation accounts under s. 20.435 (4) (b), (gp), (o), and (w), the department shall distribute not more than $4,748,000 in each fiscal year, to provide funds to an essential access city hospital, except that the department may not allocate funds to an essential access city hospital to the extent that the allocation would exceed any limitation under 42 USC 1396b (i) (3).

**SECTION 26.** 49.45 (6y) (a) of the statutes is amended to read:

49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriation accounts under s. 20.435 (4) (b), (gp), (o), and (w), the department may distribute funding in each fiscal year to provide supplemental payment to hospitals that enter into a contract under s. 49.02 (2) to provide health care services funded by a relief block grant, as determined by the department, for hospital services that are not in excess of the hospitals’ customary charges for the services, as limited under 42 USC 1396b (i) (3). If no relief block grant is awarded under this chapter or if the allocation of funds to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department may distribute funds to hospitals that have not entered into a contract under s. 49.02 (2).

**SECTION 27.** 49.45 (6y) (am) of the statutes is amended to read:

49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriation accounts under s. 20.435 (4) (b), (h), (gp), (o), and (w), the department shall distribute funding in each fiscal year to provide supplemental payments to hospitals that enter into
contracts under s. 49.02 (2) with a county having a population of 500,000 or more to
provide health care services funded by a relief block grant, as determined by the
department, for hospital services that are not in excess of the hospitals’ customary
charges for the services, as limited under 42 USC 1396b (i) (3).

SECTION 28. 49.45 (6z) (a) (intro.) of the statutes, as affected by 2007 Wisconsin
Act 20, is amended to read:

49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation
accounts under s. 20.435 (4) (b), (gp), (o), and (w), the department may distribute
funding in each fiscal year to supplement payment for services to hospitals that enter
into indigent care agreements, in accordance with the approved state plan for
services under 42 USC 1396a, with relief agencies that administer the medical relief
block grant under this chapter, if the department determines that the hospitals serve
a disproportionate number of low-income patients with special needs. If no medical
relief block grant under this chapter is awarded or if the allocation of funds to such
hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department
may distribute funds to hospitals that have not entered into indigent care
agreements. The department may not distribute funds under this subsection to the
extent that the distribution would do any of the following:

SECTION 29. 49.45 (8) (b) of the statutes is amended to read:

49.45 (8) (b) Reimbursement under s. 20.435 (4) (b), (gp), (o), and (w) for home
health services provided by a certified home health agency or independent nurse
shall be made at the home health agency’s or nurse’s usual and customary fee per
patient care visit, subject to a maximum allowable fee per patient care visit that is
established under par. (c).

SECTION 30. 49.45 (24m) (intro.) of the statutes is amended to read:
49.45 (24m) (intro.) From the appropriation accounts under s. 20.435 (4) (b),
(gp), (o), and (w), in order to test the feasibility of instituting a system of
reimbursement for providers of home health care and personal care services for
medical assistance recipients that is based on competitive bidding, the department
shall:

Section 30. 49.45 (52) of the statutes is amended to read:

49.45 (52) Payment Adjustments. Beginning on January 1, 2003, the
department may, from the appropriation account under s. 20.435 (7) (b), make
Medical Assistance payment adjustments to county departments under s. 46.215,
46.22, 46.23, or 51.42, or 51.437 or to local health departments, as defined in s. 250.01
(4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and
(b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment
adjustments under this subsection shall include the state share of the payments.
The total of any payment adjustments under this subsection and Medical Assistance
payments made from appropriation accounts under s. 20.435 (4) (b), (gp), (o), and (w),
may not exceed applicable limitations on payments under 42 USC 1396a (a) (30) (A).

Section 31. 49.45 (58) of the statutes is created to read:

49.45 (58) Health Maintenance Organization Payments to Hospitals. (a) The
department shall develop a methodology for calculating rate increases for inpatient
and outpatient hospital services in connection with the assessment imposed on
hospitals under s. 50.375. The methodology shall incorporate encounter data
provided by health maintenance organizations and information that the department
uses to calculate the capitated rates that the department pays health maintenance
organizations for providing services to recipients of medical assistance. The
(b) The department shall require, as a term of contracts with health maintenance organizations to provide medical assistance services, that the health maintenance organization do all of the following:

1. Make monthly prospective payments, calculated using the methodology under par. (a), to hospitals that serve medical assistance recipients who are enrolled in the health maintenance organization.

2. Calculate the amounts that result from applying the rate increases that are derived using the methodology under par. (a) to services for recipients of medical assistance for which hospitals submit claims to the health maintenance organization.

3. Within 90 days after the end of each 6-month period, compare the amounts that the health maintenance organization paid hospitals under subd. 1. for the 6-month period with the amounts calculated under subd. 2. for services provided during that same period. If the amounts under subd. 2. exceed the amounts of the payments under subd. 1., pay hospitals the difference within 90 days.

(c) If the amounts that a health maintenance organization paid hospitals under par. (b) 1. for a 6-month period exceed the amounts calculated under par. (b) 2. for services provided during the same period, hospitals shall pay the health maintenance organization the difference within 90 days after the comparison of amounts under par. (b) 3. is completed.

(d) If the department determines that a health maintenance organization has not complied with a condition under par. (b), the department shall require the health maintenance organization to comply with the condition within 15 days after the
department's determination. The department may terminate a contract with a health maintenance organization for failure to comply with a condition under par. (b). The department shall audit health maintenance organizations to determine whether they have complied with the conditions under par. (b).

(e) If a health maintenance organization and hospital cannot resolve the amount that a health maintenance organization owes a hospital under par. (b) 3. or that a hospital owes a health maintenance organization under par. (c), and either the health maintenance organization or the hospital, within 6 months after the end of the time period to which the disputed amount relates, requests that the department determine the amount owed, the department shall determine the amount within 90 days after the request is made. The health maintenance organization or hospital is, upon request, entitled to a contested case hearing under ch. 227 on the department's determination.

**Section 33.** 49.472 (6) (a) of the statutes is amended to read:

49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation account under s. 20.435 (4) (b), (gp), or (w), the department shall, on the part of an individual who is eligible for medical assistance under sub. (3), pay premiums for or purchase individual coverage offered by the individual's employer if the department determines that paying the premiums for or purchasing the coverage will not be more costly than providing medical assistance.

**Section 34.** 49.472 (6) (b) of the statutes is amended to read:

49.472 (6) (b) If federal financial participation is available, from the appropriation account under s. 20.435 (4) (b), (gp), or (w), the department may pay medicare Part A and Part B premiums for individuals who are eligible for medicare and for medical assistance under sub. (3).
SECTION 35. 49.473 (5) of the statutes is amended to read:

49.473 (5) The department shall audit and pay, from the appropriation accounts under s. 20.435 (4) (b), (gp), and (o), allowable charges to a provider who is certified under s. 49.45 (2) (a) 11. for medical assistance on behalf of a woman who meets the requirements under sub. (2) for all benefits and services specified under s. 49.46 (2).

SECTION 36. 50.375 of the statutes is created to read:

50.375 Assessment. (1) Except as provided in subs. (2) and (7), for the privilege of doing business in this state, there are imposed on each hospital assessments, based on the hospital’s gross patient revenue, that each hospital shall pay by June 1, 2008, for fiscal year 2007–08; and by September 1, 2008, December 1, 2008, March 1, 2009, and June 1, 2009. The assessments shall be deposited into the hospital assessment fund.

(2) At the discretion of the department, a hospital that is unable timely to make a payment by a date specified under sub. (1) may be allowed to make a delayed payment. A determination by the department that a hospital may not make a delayed payment under this subsection is final and is not subject to review under ch. 227.

(3) The amount of each hospital’s assessment shall be based on the information that shall be provided to the department under s. 153.46 (5) or shall be based on any other source that is approved in the state plan for services under 42 USC 1396.

(4) The department shall verify the amount of each hospital’s gross patient revenue and shall determine the amount of the assessment owed by each hospital based on a uniform rate that is applicable to total gross patient revenue that the department estimates will yield the amounts specified in the appropriation schedule
under s. 20.005 (3) for the appropriation account under s. 20.435 (4) (xc) and the
amounts specified under 2007 Wisconsin Act .... (this act), section 9221 (2).

(5) The department shall levy, enforce, and collect the assessments under this
section and shall develop and distribute forms necessary for these purposes.

(6) If the department determines that any portion of the revenue collected
under sub. (5) to provide Medical Assistance program benefits and payment
increases for inpatient and outpatient hospital services as fee for service or through
health maintenance organizations or to support the Medical Assistance Program is
not eligible for federal financial participation, the department will refund that
amount of revenue to hospitals in proportion to each hospital's payment of the
assessment.

(7) This section does not apply to a critical access hospital, as defined in s. 50.33
(1g), or to an institution for mental diseases, as defined in s. 46.011 (1m).

(8) Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to
(7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under
subch. III of ch. 77, apply to the assessment under this section, except that the
amount of any assessment collected under sub. (1) shall be deposited in the hospital
assessment fund.

(9) By December 31, 2008, and by December 31, 2009, the department shall
report to the joint committee on finance all of the following information for the
immediately previous state fiscal year:

(a) The total amount of assessments collected under this section.

(b) The total amount of assessments collected from each hospital under this
section.
(c) The total amounts that the department determines were paid to health maintenance organizations for increased Medical Assistance payments to hospitals.

(d) The total amount of payments made to each hospital by health maintenance organizations under s. 49.45 (58) (b) 1.

(e) The total amount of Medical Assistance payments made to each hospital and the portion of the Medical Assistance capitated payments made to health maintenance organizations for inpatient and outpatient hospital services from appropriation accounts of general purpose revenues.

(f) The total amounts, including the amounts specified under par. (c), that the department determines were paid to health maintenance organizations for Medical Assistance payments to hospitals.

(g) The results of any audits conducted by the department under s. 49.45 (58) concerning Medical Assistance payments and any actions taken by the department as a result of such an audit.

(10) This section does not apply after December 31, 2009.

SECTION 37. 71.22 (4) (n) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

71.22 (4) (n) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34 (1g) and 71.42 (2), “Internal Revenue Code”, for taxable years that begin after December 31, 1998, and before January 1, 2000, means the federal Internal Revenue Code as amended to December 31, 1998, excluding sections 103, 104, and 110 of P.L. 102–227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, and as amended by P.L. 106–36, P.L. 106–170, P.L. 106–230, P.L. 106–554, excluding sections 162 and 165 of P.L. 106–554, P.L. 107–16, excluding section 431 of P.L.
107–16, P.L. 107–134, P.L. 107–147, excluding sections 101, 301 (a), and 406 of P.L.
108–311, P.L. 108–357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847,
201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.
109–135, and P.L. 109–280, excluding sections 811 and 844 of P.L. 109–280, and as
indirectly affected in the provisions applicable to this subchapter by P.L. 99–514, P.L.
100–203, P.L. 100–647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821
(b) (2), and 823 (c) (2) of P.L. 99–514 and section 1008 (g) (5) of P.L. 100–647, P.L.
103–66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.
excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, P.L.
107–134, P.L. 107–147, excluding sections 101, 301 (a), and 406 of P.L. 107–147, P.L.
108–357, excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910
relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109–135, and
P.L. 109–280, excluding sections 811 and 844 of P.L. 109–280. The Internal Revenue
SECTION 38. 71.22 (4) (o) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66, P.L.
1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, P.L. 104–191, P.L.
308, 316, 401, and 403 (a) of P.L. 108–311, P.L. 108–357, excluding sections 101, 201,
109–58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
1329, 1348, and 1351 of P.L. 109–58, P.L. 109–135, excluding sections 101, 105, 201
(a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.
Internal Revenue Code applies for Wisconsin purposes at the same time as for federal
purposes. Amendments to the federal Internal Revenue Code enacted after
December 31, 1999, do not apply to this paragraph with respect to taxable years
beginning after December 31, 1999, and before January 1, 2003, except that changes
to the Internal Revenue Code made by P.L. 106–230, P.L. 106–554, excluding sections

**SECTION 39.** 71.22 (4) (p) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:

71.22 (4) (p) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34 (1g), and 71.42 (2), “Internal Revenue Code,” for taxable years that begin after
109–280, and changes that indirectly affect the provisions applicable to this
subchapter made by P.L. 108–27, excluding sections 106, 201, and 202 of P.L. 108–27,
101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108–357, P.L.
108–375, P.L. 109–7, P.L. 109–58, excluding sections 1305, 1308, 1309, 1310, 1323,
1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109–58, P.L. 109–135, excluding
sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and
(q), and 405 of P.L. 109–135, and P.L. 109–280, excluding sections 811 and 844 of P.L.
109–280, apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 40. 71.22 (4) (q) of the statutes, as affected by 2007 Wisconsin Act 20,
is amended to read:

71.22 (4) (q) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
(1g), and 71.42 (2), “Internal Revenue Code,” for taxable years that begin after
December 31, 2003, and before January 1, 2005, means the federal Internal Revenue
Code as amended to December 31, 2003, excluding sections 103, 104, and 110 of P.L.
102–227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66,
sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, P.L. 106–519,
sections 162 and 165 of P.L. 106–554, P.L. 106–573, section 431 of P.L. 107–16,
sections 101 and 301 (a) of P.L. 107–147, sections 106, 201, and 202 of P.L. 108–27,
403 (a) of P.L. 108–311, P.L. 108–357, excluding sections 101, 201, 211, 242, 244, 336,
P.L. 109−58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
1329, 1348, and 1351 of P.L. 109−58, P.L. 109−73, excluding section 301 of P.L.
109−73, P.L. 109−135, excluding sections 101, 105, 201 (a) as it relates to section
1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109−135, P.L. 109−227, and P.L.
109−280, excluding sections 811 and 844 of P.L. 109−280, and as indirectly affected
in the provisions applicable to this subchapter by P.L. 99−514, P.L. 100−203, P.L.
100−647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823
(c) (2) of P.L. 99−514 and section 1008 (g) (5) of P.L. 100−647, P.L. 101−73, P.L.
sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103−66, P.L.
103−296, P.L. 103−337, P.L. 103−465, P.L. 104−7, P.L. 104−188, excluding sections
1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104−188, P.L. 104−191, P.L.
106−36, P.L. 106−170, P.L. 106−230, P.L. 106−554, excluding sections 162 and 165 of
107−22, P.L. 107−116, P.L. 107−134, P.L. 107−147, excluding sections 101 and 301 (a)
excluding sections 106, 201, and 202 of P.L. 108−27, P.L. 108−121, excluding section
403 (a) of P.L. 108−311, P.L. 108−357, excluding sections 101, 201, 211, 242, 244, 336,
P.L. 109−58, excluding sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
1329, 1348, and 1351 of P.L. 109−58, P.L. 109−73, excluding section 301 of P.L.
109–73, P.L. 109–135, excluding sections 101, 105, 201 (a) as it relates to section
1401S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L. 109–135, P.L. 109–227, and P.L.
109–280, excluding sections 811 and 844 of P.L. 109–280. The Internal Revenue Code
applies for Wisconsin purposes at the same time as for federal purposes.
Amendments to the federal Internal Revenue Code enacted after December 31, 2003,
do not apply to this paragraph with respect to taxable years beginning after
December 31, 2003, and before January 1, 2005, except that changes to the Internal
101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108–357, P.L.
1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109–58, P.L. 109–73,
excluding section 301 of P.L. 109–73, P.L. 109–135, excluding sections 101, 105, 201
(a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.
109–280, and changes that indirectly affect the provisions applicable to this
101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L. 108–357, P.L.
1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L. 109–58, P.L. 109–73,
excluding section 301 of P.L. 109–73, P.L. 109–135, excluding sections 101, 105, 201
(a) as it relates to section 1400S (a), 402 (e), 403 (e), (j), and (q), and 405 of P.L.
109–280, apply for Wisconsin purposes at the same time as for federal purposes.
SECTION 41. 71.22 (4) (r) of the statutes, as affected by 2007 Wisconsin Act 20, is amended to read:


**SECTION 42.** 71.22 (4) (s) of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

of P.L. 109-73, and sections 101, 105, 201 (a) as it relates to section 1400S (a), 402
(e), 403 (e), (j), and (q), and 405 of P.L. 109-135, and as amended by P.L. 109-222,
excluding sections 101, 207, 209, 503, 512, and 513 of P.L. 109-222, P.L. 109-227, and
P.L. 109-280, excluding sections 811 and 844 of P.L. 109-280, and as indirectly
affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203,
P.L. 100-647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and
823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L.
sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L.
1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L.
106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of
107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 301 (a)
excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,
excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.
1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.
section 301 of P.L. 109-73, P.L. 109-135, excluding sections 101, 105, 201 (a) as it

**SECTION 43.** 71.22 (4) (t) of the statutes, as created by 2007 Wisconsin Act 20, is amended to read:

71.22 (4) (t) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34 (1g), and 71.42 (2), “Internal Revenue Code,” for taxable years that begin after December 31, 2006, means the federal Internal Revenue Code as amended to December 31, 2006, excluding sections 103, 104, and 110 of P.L. 102–227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, sections 1, 3, 4, and 5 of P.L. 106–519, sections 162 and 165 of P.L. 106–554, P.L. 106–573, section 431 of P.L. 107–16, sections 101 and 301 (a) of P.L. 107–147, sections 106, 201, and 202 of P.L. 108–27, section 1201 of P.L. 108–173, sections 306, 308, 316, 401, and 403 (a) of P.L.
108–311, sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.
108–357, P.L. 109–1, sections 1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328,
1329, 1348, and 1351 of P.L. 109–58, section 11146 of P.L. 109–59, section 301 of P.L.
109–73, sections 101, 105, 201 (a) as it relates to section 1400S (a), 402 (e), 403 (e),
(j), and (q), and 405 of P.L. 109–135, sections 101, 207, 209, 503, 512, and 513 of P.L.
109–222, sections 811 and 844 of P.L. 109–280, and P.L. 109–432, and as indirectly
affected in the provisions applicable to this subchapter by P.L. 99–514, P.L. 100–203,
P.L. 100–647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and
823 (c) (2) of P.L. 99–514 and section 1008 (g) (5) of P.L. 100–647, P.L. 101–73, P.L.
sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66, P.L.
1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, P.L. 104–191, P.L.
excluding sections 306, 308, 316, 401, and 403 (a) of P.L. 108–311, P.L. 108–357,
excluding sections 101, 201, 211, 242, 244, 336, 337, 422, 847, 909, and 910 of P.L.
1305, 1308, 1309, 1310, 1323, 1324, 1325, 1326, 1328, 1329, 1348, and 1351 of P.L.

SECTION 44. 71.22 (9a) of the statutes is created to read:

71.22 (9a) “Qualified real estate investment trust” means a real estate investment trust, except a real estate investment trust of which more than 50 percent of the voting power or value of the beneficial interests or shares are owned or controlled, directly or indirectly, by a single entity that is subject to sections 301 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26 (1), and that is not a real estate investment trust or a qualified real estate trust subsidiary under section 856 (i) of the Internal Revenue Code.

SECTION 45. 71.22 (9c) of the statutes is created to read:

71.22 (9c) “Real estate investment trust” means a real estate investment trust under section 856 of the Internal Revenue Code.

SECTION 46. 71.22 (9d) of the statutes is created to read:

71.22 (9d) “Real estate mortgage investment conduit” means a real estate mortgage investment conduit under section 860D of the Internal Revenue Code.

SECTION 47. 71.22 (9e) of the statutes is created to read:
71.22 (9e) “Regulated investment company” means a regulated investment company under section 851 of the Internal Revenue Code.

**SECTION 48.** 71.26 (2) (b) of the statutes is repealed and recreated to read:

71.26 (2) (b) *Regulated investment companies, real estate investment trusts, and real estate mortgage investment conduits.* 1. In this paragraph, except as provided in subds. 2. to 4., “net income” means one of the following:

a. That part of the federal regulated investment company income that is subject to federal tax as provided in sections 851 and 852 of the Internal Revenue Code, including federal undistributed net capital gain.

b. That part of the federal real estate investment trust income that is subject to federal tax as provided in sections 856 and 857 of the Internal Revenue Code, including federal undistributed net capital gain, federal net income from foreclosure property, and federal net income derived from prohibited transactions. The treatment of certain wholly owned subsidiaries under section 856 (i) of the Internal Revenue Code shall apply in computing the net income of a real estate investment trust.

c. That part of the federal real estate mortgage investment conduit income that is subject to federal tax, including federal net income derived from prohibited transactions under section 860F of the Internal Revenue Code and federal net income from foreclosure property under section 860G of the Internal Revenue Code.

2. Property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be depreciated for taxable years 1983 to 1986 under the Internal Revenue Code as amended to December 31, 1980, shall continue to be depreciated under the Internal Revenue Code as amended to December 31, 1980.
3. With regard to federal regulated investment company income, federal real
estate investment trust income, and federal real estate mortgage investment conduit
income, the appropriate amount shall be added or subtracted to reflect differences
between the depreciation or adjusted basis for federal income tax purposes and the
depreciation or adjusted basis under this chapter of any property disposed of during
the taxable year.

4. The dividend paid deduction otherwise allowed by federal law in computing
net income of a real estate investment trust that is subject to federal income tax shall
be added back in computing the tax imposed under this chapter unless the real estate
investment trust is a qualified real estate investment trust.

Section 49. 84.013 (2) of the statutes is amended to read:

84.013 (2) (a) Subject to ss. 84.555 and 86.255, major highway projects shall
be funded from the appropriations under ss. 20.395 (3) (bq) to (bx) and (4) (jq) and
20.866 (2) (ur) to (uum) and (uut).

(b) Except as provided in ss. 84.014, 84.03 (3), and 84.555, and subject to s.
86.255, reconditioning, reconstruction and resurfacing of highways shall be funded
from the appropriations under ss. 20.395 (3) (cq) to (cx) and 20.866 (2) (uur) and (uut).

Section 50. 84.014 (2) of the statutes is amended to read:

84.014 (2) Subject to ss. 84.555 and 86.255, any southeast Wisconsin freeway
rehabilitation projects, including the Marquette interchange reconstruction project
and projects that involve adding one or more lanes 5 miles or more in length to the
existing freeway, may be funded only from the appropriations under ss. 20.395 (3)
(cr), (ct), (cw), and (cy) and 20.866 (2) (uum) and (uup), and (uut).

Section 51. 84.557 of the statutes is created to read:
84.557 Additional funding of major highway projects and southeast Wisconsin freeway and state highway rehabilitation projects.

Notwithstanding ss. 84.51, 84.555, 84.59, and 84.95, major highway projects, as defined under s. 84.013 (1) (a), for the purposes of ss. 84.06 and 84.09, southeast Wisconsin freeway rehabilitation projects under s. 84.014, and state highway rehabilitation projects for the purposes specified in s. 20.395 (3) (cq), may be funded with the proceeds of general obligation bonds issued under s. 20.866 (2) (uut).

SECTION 52. 146.99 of the statutes is repealed.

SECTION 9101. Nonstatutory provisions; Administration.

(1) DISBURSEMENTS. Notwithstanding section 16.50 (5) of the statutes, during the 2007–09 fiscal biennium, in the event that the secretary of administration determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than 2 percent of the estimated general purpose revenue appropriations for that fiscal year, he or she may not decline to approve an estimate or to draw a warrant under this section 16.50 (5) of the statues, but shall instead proceed under subsection (2).

(2) REVENUE SHORTFALL.

(a) Notwithstanding section 16.50 (7) (a) of the statutes, during the 2007–09 fiscal biennium, if the secretary of administration determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by more than 2 percent of the estimated general purpose revenue appropriations for that fiscal year, he or she may not take any action under section 16.50 (2) of the statutes and shall immediately notify the governor, the presiding officers of each house of the legislature, and the joint committee on finance.
(b) Notwithstanding section 16.50 (7) (b) of the statutes, during the 2007–09 fiscal biennium, following the notification under paragraph (a), the governor shall submit a bill containing his or her recommendations for correcting the imbalance between projected revenues and authorized expenditures, including a recommendation as to whether moneys should be transferred from the budget stabilization fund to the general fund. If the legislature is not in a floorperiod at the time of the secretary’s notification, the governor shall call a special session of the legislature to take up the matter of the projected revenue shortfall and the governor shall submit his or her bill for consideration at that session.

(3) Temporary reallocations to the general fund. Notwithstanding section 20.002 (11) (b) 2. of the statutes, except as provided in section 20.002 (11) (b) 3. of the statutes, the secretary of administration, during the 2007–09 fiscal biennium, shall limit the total amount of any temporary reallocations to the general fund at any one time during a fiscal year to an amount equal to 10 percent of the total amounts shown in the schedule under section 20.005 (3) of the statutes, as affected by the acts of 2007, of appropriations of general purpose revenues, calculated by the secretary as of that time and for that fiscal year.

SECTION 9130. Nonstatutory provisions; legislature.

(1) Required general fund structural balance. Notwithstanding section 20.003 (4m) of the statutes, no bill may be adopted by the legislature during the 2007–09 fiscal biennium if the bill would cause in any fiscal year the amount of moneys designated as “Total Expenditures” in the summary under section 20.005 (1) of the statutes, as affected by the acts of 2007, for that fiscal year to exceed the sum of the amounts of moneys designated as “Taxes” and “Departmental Revenues” in the
summary under section 20.005 (1) of the statutes, as affected by the acts of 2007, for
that fiscal year plus the balance of the budget stabilization fund.

SECTION 9148. Nonstatutory provisions; Transportation.

(1) JOINT FINANCE COMMITTEE SUPPLEMENTAL FUNDING RELATED TO REAL ID ACT
IMPLEMENTATION. Notwithstanding section 13.101 (1), (3), and (5) of the statutes, the
joint committee on finance may not, for purposes relating to implementation of the
federal REAL ID Act of 2005, supplement in fiscal year 2007–08, from the
appropriation account under section 20.865 (4) (u) of the statutes, any appropriation
of the department of transportation unless after the supplement there remains
unexpended in fiscal year 2007–08 at least $5,000,000 of the amount estimated in
the schedule under section 20.005 (3) of the statutes, as created by 2007 Wisconsin
Act 20, for the appropriation account under section 20.865 (4) (u) of the statutes, for
expenditures of the department of transportation in fiscal year 2007–08 relating to
implementation of the federal REAL ID Act of 2005.

(2) ESTIMATES FOR CERTAIN DEPARTMENT OF TRANSPORTATION APPROPRIATIONS.
Notwithstanding s. 84.03 (2), the secretary of administration and department of
transportation shall estimate the following additional revenues, for the following
appropriations, which additional revenues are not reflected in the schedule under
section 20.005 (3) of the statutes, as created by 2007 Wisconsin Act 20:

(a) Additional revenues of $48,032,500 in fiscal year 2007–08, and additional
revenues of $18,967,500 in fiscal year 2008–09, for the appropriation account under
section 20.395 (3) (br) of the statutes.

(b) Additional revenues of $10,967,500 in fiscal year 2007–08 for the
(c) Additional revenues of $58,000,000 in fiscal year 2007–08 for the appropriation account under section 20.395 (3) (cx) of the statutes.

(d) Additional revenues of $8,000,000 in fiscal year 2007–08 for the appropriation account under section 20.395 (3) (cy) of the statutes.

(3) Estimates for certain Department of Transportation bond proceeds. The secretary of administration and department of transportation shall estimate additional revenues derived from general obligation bonding as follows:

(a) Additional revenues of $67,500,000 in fiscal year 2007–08, and additional revenues of $80,000,000 in fiscal year 2008–09, from proceeds of general obligation bonds issued under s. 20.866 (2) (uut), to fund state highway rehabilitation projects.

(b) Additional revenues of $22,500,000 in fiscal year 2007–08, and additional revenues of $20,000,000 in fiscal year 2008–09, from proceeds of general obligation bonds issued under s. 20.866 (2) (uut), to fund southeast Wisconsin freeway rehabilitation projects.

(4) Department of Transportation Requests for 2009–11 Biennial Budget Bill.

Notwithstanding section 16.42 (1) (e) of the statutes, in submitting information under section 16.42 of the statutes for purposes of the 2009–11 biennial budget bill, the department of transportation shall submit dollar amounts reflecting the following modifications, for the following appropriations, before submitting any information relating to any increase or decrease in the dollar amounts for these appropriations for the 2009–11 fiscal biennium:

(a) For the appropriation under section 20.395 (3) (bq) of the statutes, a dollar amount that is $18,967,500 more than the total amount appropriated under section 20.395 (3) (bq) of the statutes for the 2008–09 fiscal year.
(b) For the appropriation under section 20.395 (3) (cq) of the statutes, a dollar amount that is $80,000,000 more than the total amount appropriated under section 20.395 (3) (cq) of the statutes for the 2008–09 fiscal year.

(c) For the appropriation under section 20.395 (3) (cr) of the statutes, a dollar amount that is $20,000,000 more than the total amount appropriated under section 20.395 (3) (cr) of the statutes for the 2008–09 fiscal year.

SECTION 9201. Fiscal changes; Administration.

(1) Transfers from the budget stabilization fund to the general fund.

(a) If the secretary of administration determines that the projected general fund balance on June 30, 2008, will be less than the amount required under section 20.003 (4) (ft) of the statutes, the secretary may transfer during the 2007–08 fiscal year any amount of moneys from the budget stabilization fund to the general fund.

(b) If the secretary of administration determines that the projected general fund balance on June 30, 2009, will be less than the amount required under section 20.003 (4) (fv) of the statutes, the secretary may transfer during the 2008–09 fiscal year any amount of moneys from the budget stabilization fund to the general fund.

(2) Lapse or transfer of any unencumbered moneys in appropriation accounts and funds.

(a) Notwithstanding sections 20.001 (3) (a) to (c) and 25.40 (3) of the statutes, but subject to paragraphs (b) and (c), the secretary of administration shall lapse to the general fund or transfer to the general fund from the unencumbered balances of appropriations to executive branch state agencies, other than sum sufficient appropriations and appropriations of federal revenues, an amount equal to $330,400,000 during the 2007–09 fiscal biennium and $330,400,000 during the 2009–11 fiscal biennium. The amounts lapsed or transferred under this paragraph
shall be in addition to the amounts lapsed or transferred under 2007 Wisconsin Act 20, section 9201 (1c) (a) to (c).

(b) The secretary of administration may not lapse or transfer moneys under paragraph (a) if the lapse or transfer would violate a condition imposed by the federal government on the expenditure of the moneys or if the lapse or transfer would violate the federal or state constitution.

(c) Not more than a total of $293,000,000 may be lapsed or transferred under paragraph (a) and 2007 Wisconsin Act 20, section 9201 (1c) (a), during the 2007–09 fiscal biennium to the general fund from appropriations to the department of transportation.

SECTION 9221. Fiscal changes; Health and Family Services.

(1) Medical Assistance General Purpose Revenue Decrease. In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of health and family services under section 20.435 (4) (b) of the statutes, as affected by the acts of 2007, the dollar amount is decreased by $60,000,000 for fiscal year 2007–08 and the dollar amount is decreased by $62,500,000 for fiscal year 2008–09 for the purposes for which the appropriation is made.

(2) Hospital Assessment Fund Transfer. The department of administration shall transfer from the hospital assessment fund to the Medical Assistance trust fund $58,500,000 in fiscal year 2007–08 and $65,000,000 in fiscal year 2008–09, as adjusted, if necessary, to comply with section 50.375 (6) of the statutes, as created by this act.

(3) Medical Assistance Trust Fund Appropriation Increase. In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of health and family services under section 20.435 (4) (w) of the statutes, as affected by
the acts of 2007, the dollar amount is increased by $58,500,000 for fiscal year 2007–08 and the dollar amount is increased by $65,000,000 for fiscal year 2008–09 for the purposes for which the appropriation is made.

(4) **Medical Assistance Program Benefits.** In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of health and family services under section 20.435 (4) (b) of the statutes, as affected by the acts of 2007, the dollar amount is decreased by $15,000,000 for fiscal year 2007–08 and the dollar amount is decreased by $15,000,000 for fiscal year 2008–09 to reduce funding for the purposes for which the appropriation is made.

**SECTION 9237. Fiscal changes; Public Instruction.**

(1) **Public Library System Aid.**

(a) In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of public instruction under section 20.255 (3) (e) of the statutes, as affected by the acts of 2007, the dollar amount is decreased by $11,297,400 for fiscal year 2008–09 to decrease funding for the purpose for which the appropriation is made.

(b) In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of public instruction under section 20.255 (3) (qm) of the statutes, as affected by the acts of 2007, the dollar amount is increased by $11,297,400 for fiscal year 2008–09 to increase funding for the purpose for which the appropriation is made.

**SECTION 9248. Fiscal changes; Transportation.**

(1) **Transfer to General Fund.** Notwithstanding section 25.40 (3) (a) of the statutes, the secretary of administration shall transfer $5,000,000 from the transportation fund to the general fund in fiscal year 2007–08.
(2) **Appropriation Changes for Major Highway Projects.** In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of transportation under section 20.395 (3) (bq) of the statutes, as affected by the acts of 2007, the dollar amount is decreased by $59,000,000 for fiscal year 2007–08 and the dollar amount is decreased by $18,967,500 for fiscal year 2008–09 to decrease funding for major development of state trunk and connecting highways.

(3) **Appropriation Changes for State Highway Rehabilitation Projects.** In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of transportation under section 20.395 (3) (cq) of the statutes, as affected by the acts of 2007, the dollar amount is decreased by $125,500,000 for fiscal year 2007–08 and the dollar amount is decreased by $80,000,000 for fiscal year 2008–09 to decrease funding for improvement of existing state trunk and connecting highways and construction and rehabilitation of the national system of interstate and defense highways and bridges and related appurtenances.

(4) **Appropriation Changes for Southeast Wisconsin Freeway Rehabilitation Projects.** In the schedule under section 20.005 (3) of the statutes for the appropriation to the department of transportation under section 20.395 (3) (cr) of the statutes, as affected by the acts of 2007, the dollar amount is decreased by $30,500,000 for fiscal year 2007–08 and the dollar amount is decreased by $20,000,000 for fiscal year 2008–09 to decrease funding for rehabilitation of southeast Wisconsin freeways.

**Section 9341. Initial applicability; Revenue**
(1) **Real estate investment trust; regulated investment company.** The treatment of section 71.26 (2) (b) of the statutes first applies to taxable years beginning on July 1, 2008.